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# East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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22 March 1985

## EAST EUROPE REPORT

### ECONOMIC AND INDUSTRIAL AFFAIRS

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INTERNATIONAL AFFAIRS

CEMA CIVIL AVIATION COMMISSION MEETS IN WARSAW

Warsaw SKRZYDLATA POLSKA in Polish No 52-53, 23-30 Dec 84 p 3

[Article: "Fraternal Cooperation"]

[Text] Political, economic, cultural, scientific, and technical contacts among brother socialist countries have shown a continual intensification and expansion over many years. The most complete example of this integration is the cooperation among member countries of CEMA, based on joint interest and goals and mutual benefits, in a spirit of friendship, mutual understanding, and constructive cooperation. This is also reflected in cooperation among the socialist countries in the field of civil aviation. The Permanent CEMA Commission on Civil Aviation, created many years ago, is an expression of this fact.

Air transportation firms of the CEMA countries serve altogether more than 350 international routes and use their aircraft to fly to more than 100 countries, carry more than 120 million passengers, and transport 5,000 tons of cargo each year. They have many problems in common in the realm of route operations, service, investments, exploitation and repair of equipment, personnel training, staffing with technical crew at airports, and the adaptation of aviation in the national economy. These and other issues of the civil aviation of our countries fall within the scope of the Permanent CEMA Commission on Civil Aviation, which convenes each year at a general meeting, each time in a different country.

This year's meeting, the 19th, was held in Warsaw this past 20-23 November. This was Poland's second time. The first was in Zakopane in 1978. The following CEMA member country delegates attended:

Bulgaria: B. Shcheryanov, deputy minister of transport, chairman,

Czechoslovakia: J. Dikast, deputy minister of transport, chairman,

Cuba: Falcon Quintero director of the Air Transport Operations Administration, chairman,

Mongolia: L. Lchagva, head of the Council of Minister's Main Administration of Civil Aviation, chairman,

GDR: K. Henkes, general director of Interflug and deputy minister of transport, chairman,

Poland: Brig Gen Pilot Dr Jozef Sobieraj, director general of civil aviation, chairman,

Romania: M. Dimitrescu, first deputy chief of the civil aviation department, chairman,

Hungary: D. Onozo, deputy minister of transport, chairman,

Vietnam: Chan Man, head of the Main Administration of Civil Aviation, and

Soviet Union: B. Panyukov, first deputy minister of civil aviation, chairman.

The meeting was also attended by a delegation from Yugoslavia, headed by D. Mrakovich, chairman of the Civil Aviation Union Inspectorate. As everyone knows Yugoslavia participates in CEMA work through an agreement between the CEMA council and the Yugoslav government.

The CEMA council secretariate was represented by Zdzislaw Kurowski, the council's deputy secretary; and by V. Tikhonov, head of an independent civil aviation section of the secretariate.

This Warsaw meeting was chaired by B. Panyukov, first deputy minister of civil aviation in the USSR. Those in attendance at the meeting were warmly welcomed by Brig Gen Sobieraj on behalf of the Polish transportation ministry.

During the meeting there was a review of the permanent commission's charges stemming from the decisions of the CEMA meetings (38th special session, 39th session) and the CEMA Executive Committee meetings (110th, 111th, and 112th meetings), along with ways of accomplishing them. One of the basic themes of the meeting was the drafting of proposals to provide the technical equipment essential to expand the scope and effectiveness of air cargo, on the basis of the demand of CEMA member countries for specific equipment. At the meeting information was given on the status of the cooperation of the national economic plans of CEMA member countries in the realm of civil aviation for the years 1986-1990 and the implementation of the agreement of firms (organizations) in the realm of the applications of aviation in the national economy. There was discussion of the adoption of uniform airworthiness standards for transport aircraft, because an attempt is being made to standardize requirements in this area in CEMA countries. There was a thorough discussion of preparations for the seventh scientific-practical conference of CEMA member countries in the field of aviation applications in the national economy to be held in Poland in 1985. The group was also consulted concerning the major issues concerning the problems under review in international aviation organizations. The commission's working plan for 1985-1986 was adopted. The applicable recommendations and decisions on all subjects discussed were adopted.

The delegates to the Warsaw aviation meeting stayed at the Forum Hotel, and the general meetings and working-group sessions were held in that hotel's conference rooms. During their stay in our capital they also toured Warsaw, saw the royal palace, went to the Teatr Wielki, and visited the Warsaw-Okecie WSK PZL plant and PLL Lot airlines.

10790

CSO: 2600/619

INTERNATIONAL AFFAIRS

NEW COOPERATION STAGE IN SOCIALIST ECONOMIC INTEGRATION

Prague HOSPODARSKE NOVINY in Czech No 5, 1985 p 3

[Article by Vyacheslav Sychov, secretary of the Council for Economic Mutual Assistance: "A New Stage of Cooperation"]

[Text] A big event in the history not only of socialism but also of the entire international communist and workers' movement, which was made possible by the economic development of the CEMA member countries over a long period, was the economic conference of the CEMA member countries at the highest level held in Moscow from 12 to 14 June 1984. The results of the conference represent a new stage in the development of relations between the fraternal parties and member countries of CEMA.

The conference participants stated that the determining influence on the development of the CEMA member countries and their mutual cooperation in the last 15 years was the decision made in 1969 at the 23rd (Special) Session of CEMA. Leading representatives of the communist and workers parties and the governments of the fraternal countries at that session of the council steered a course toward socialist economic integration. This course, embodied in the Comprehensive Program of Socialist Economic Integration of the CEMA Member Countries, proved itself to be a reliable means of resolving the key economic tasks of the socialist alliance. Thanks to the self-sacrificing work of their people, the fraternal countries under the leadership of the communist and workers' parties substantially increased their economic and scientific-technical potential, put extensive social programs into effect, and ensured continuous growth in the people's wellbeing and further development of science, education, culture, health care, and social support programs.

A Mighty Production Complex

Currently, CEMA is the largest international complex. Ten socialist countries in Europe, Asia, and Latin America with 450 million inhabitants cooperate within its framework. These countries make up 25 percent of the world's national income, 34 percent of the world's engineering production, 32 percent of the world's steel production, and 35 percent of the world's extraction of natural gas. In the production of a number of industrial products, the inhabitants of the CEMA member countries have

outstripped the developed capitalist countries. In comparison with 1970, the real income of the CEMA member countries' inhabitants increased 1.6 times. Since the beginning of the 1960's, each year in our countries we have completed the construction of about 3 million housing units.

The rate of economic development in the CEMA member countries in the years 1970 to 1983 was twice as high as in the developed capitalist countries. The volume of trade between CEMA countries grew tremendously and in 1983 was five times that of 1970, reaching a level of 167 billion rubles and making up 58 percent of their total foreign trade volume. Mutual deliveries between the CEMA member countries take care of the greater part of their import needs of the most important types of fuels, raw materials, materiel, machinery and equipment, and widely consumed goods as well.

The comprehensive program was made more specific. Within its development, long-range target programs for cooperation were worked out and approved for the solution of the most important national economic tasks in the fields of fuel, energy, and raw materials; engineering; agricultural and the foodstuffs industry; the consumer industry; and transportation.

In carrying out these programs in the past few years, there have been put into operation some large projects which have been jointly constructed, such as the Soyuz gas pipeline, the Kiyembayevskiy asbestos combine, the Ust'-ilimskiy cellulose plant, and other enterprises. The long-distance electrical transmission lines are operating successfully at 750 kV between Vinnitsa (in the USSR) and Albertirsa (in Hungary). Cooperation is rapidly developing in the increased production of electrical energy in nuclear power plants; the installed capacity of the nuclear power plants in the CEMA countries reached 25,000 MW in 1983, with an annual production of electrical energy of 142 billion Kwh.

Each country has its place and role in the system of international socialist division of labor. Currently, for example, the CSSR, the GDR, and the USSR produce about 72 percent of the metal-tooling machinery used in the CEMA member countries; Poland and the USSR make over 90 percent of the excavators; the CSSR and the USSR over 92 percent of textile machinery; Hungary and the USSR over 80 percent of the buses; Poland, Romania, and the USSR 94 percent of the tractors; the GDR and the USSR over 85 percent of the railroad passenger cars; Romania and the USSR 97 percent of the equipment for blast furnaces; Bulgaria and the USSR about 100 percent of the electric forklift vehicles and 75 percent of electric-powered cars and motor cars. The import needs of the CEMA member countries for machinery and equipment are about 70 percent satisfied by deliveries between the countries.

#### Reserves in Mutual Cooperation

The CEMA countries have achieved significant results in equalizing their levels of economic and social development. The non-European countries which joined the CEMA later--Cuba, Mongolia, and Vietnam--receive extensive technical-economic assistance which, by exploiting the advantages of the



international socialist division of labor, creates the conditions required for an accelerated approach to a highly developed economy by these countries.

The CEMA member countries depending on mutual cooperation have thus achieved indisputably significant results in all areas of social and economic development. Even so, the participants at the CEMA economic conference at the highest level stated that there are still considerable reserves for the development of mutual cooperation, intensification of specialization and cooperation in production, and increasing mutual trade in the interest of a more efficient utilization of the production and scientific-technical potential of the fraternal countries and improvements in their peoples' lives.

The task of transforming the economy to the intensive path of development laid out at the congresses of the fraternal communist and workers' parties also requires the intensification of mutual cooperation by the CEMA member countries. The optimum ways of resolving these specific problems were also a subject of discussion at the conference, which undoubtedly will occupy an important spot in the history of the socialist alliance.

One of the most important results of the conference, where there were intensive and overall discussions of current questions of the economic development of the individual countries and their mutual cooperation, is the fact that the participants in the conference decisively expressed their intention of progressively intensifying the mutually advantageous cooperation of the CEMA countries and their economic integration and laid out a strategy for the economic development of the socialist alliance and the future of the international socialist division of labor, the development of intensive production cooperation, and the improvement of the economic mechanism for cooperation.

The conference approved a decision on closer coordination of economic policy in areas connected with mutual cooperation. This coordination is understood to be a collective effort in the direction of resolving large-scale economic problems which the countries have in common and which are especially important for setting out the direction of economic development of the individual fraternal countries and their mutual cooperation over the long-term future and for jointly setting out the areas for direct cooperation in the fields of science, technology, material and production, and capital construction projects.

The main tool for the coordination of economy policy and the formation of stable economic and scientific-technical contacts between the CEMA member countries and likewise the basis for the creation of their national plans concerning mutual cooperation must be the coordination of the national economic plans, through which efforts are concentrated on priority tasks.

Such a priority task is, for example, the development of electronics and microelectronics, microprocessor equipment, automation of production

based on robotic complexes and flexible automated systems, or the development of nuclear energy, biotechnology, or meeting the needs of the populace of the CEMA member countries for foodstuffs and industrial goods.

#### A Key Factor for Development

The basic condition for meeting these tasks is a radical acceleration of scientific-technical advancement and a qualitative transformation of entire branches and production on the basis of new equipment and technology. It was especially because of this that cooperation of the CEMA countries in the field of science and technology was characterized as one of the key areas and directions of cooperation. It was recommended that there be faster processing of the Comprehensive Program for Scientific-Technical Progress in the CEMA Member Countries for the next 15 to 20 years, whose preparation was agreed upon in 1983. The goals of this program include the development and wider use of microprocessor equipment, the creation and effective utilization of industrial robots, meeting the needs of the CEMA member countries' national economies for fuel and energy, and improvements in processing raw materials and materiel.

The Program for Cooperation of the CEMA Member Countries in the Field of Computer Equipment and agreements on specialization in the sphere of microprocessor equipment, industrial robotics, and microelectronics gave us a good start along this path. The Ryad Uniform Electronic Computer System was created and its fourth generation is being developed. The CEMA member countries are meeting their own basic needs for computer equipment within their own alliance. Mutual deliveries of this equipment amounted to over 4 billion rubles in 1983, which is three times the amount of the average annual volume of deliveries made in the 1960's. A joint unified electronics equipment base is being created. Roughly 100 types of machines and equipment using robots are being developed.

But to implement the recommendations of the conference at the highest level, it is necessary to intensify the countries' cooperation in the development of these and other new products determining the basic directions of scientific-technical progress for the future while more rapidly introducing this technology into all branches of the economy. This is not only an economic task, but also an important political one.

The utilization of the newest information from scientific-technical advances at the same time affects the long-range orientation of cooperation in such fields as agriculture and the production of industrial goods for the populace. The complex mechanization of agriculture and the use of chemicals, the utilization of biotechnology and improved means of protection, the transport and processing of produce all help in a substantial improvement of supply of the populace with foodstuffs.

Qualitatively new tasks also show up in such traditional spheres of cooperation as the development of the fuel-energy and raw materials base of the socialist alliance. The main requirement today is no longer just

an increase in the extraction of primary fuel and energy sources and raw materials, but rather a radical improvement in their use with the goal of achieving the maximum "output" of final production from each ton of fuel and raw materials consumed. There is a growing need for more widespread acquisition of alternative energy sources and the production of new construction and other materials. The conference emphasized the necessity of priority development of production branches which are less demanding of energy and materiel, especially in those countries which do not have available their own adequate raw materials base.

Work was begun on a design for the development and distribution of deficit and savings types of metallurgy production for the next 10 to 15 years. Implementation of the multilateral agreement on the organization of cooperation in the construction of the Krivoy Rog Extraction and Smelting Combine with its planned annual production of 12.8 billion tons of iron ore pellets is especially important for solving the questions connected with supplying ferrous metallurgy with the essential raw materials in the next 5-year period.

#### Emphasis on Direct Relationships

Actions are being taken which are directed at an expansion of direct cooperative relationships between enterprises, associations, and combines of the CEMA countries. This will make it possible to increase their economic incentives for cooperation, to resolve operational questions of the introduction of the results of joint scientific-technical actions, and to increase the quality and technical level of products supplied to the mutual trade market. Direct contacts will also help to utilize more fully such important sources of accelerating the social economic development of the socialist countries as mutual exchange of the key experiences of socialist management.

At the conference there was emphasis placed on the necessity of strengthening the effectiveness of the cooperation mechanism within CEMA under current conditions so that it fully corresponds to the tasks of improving the international socialist division of labor and increasing its efficiency, finding timely solutions for outstanding problems, and reinforcing the incentives for the CEMA member states to give priority to the development of mutual cooperation.

In CEMA we have formed a mechanism which functions for international currency financial and credit relations based on the socialist common exchange medium (the exchange ruble) and operations of the International Bank for Economic Cooperation and the International Investment Bank. Nonetheless, we expect further improvements in the existing system for the creation of prices in mutual trade and the currency financial tools for cooperation by strengthening the common exchange medium, the exchange ruble.

The development and improvement of the cooperation mechanism will also be helped by the proposals for reconciling the structures of the economic mechanisms of the CEMA member countries in those areas which are important for the development of mutual economic relations which are worked out in the CEMA agencies.

The representatives of the CEMA countries, who constructively considered all questions brought up on the agenda for discussion at the conference at the highest level, unanimously established the areas for further intensification of mutual cooperation and strengthening international joint activities to carry out tasks while utilizing to the fullest the advantages of the socialist method of production and division of labor in the interest of increasing the people's welfare and the economic strength of the CEMA member countries.

The 39th (Special) Session of the Council for Economic Mutual Assistance, held immediately after the conference, ordered all council agencies to develop work for implementing the conclusions of the economic conference at the highest level and the constructive suggestions and recommendations expressed through it. Most of the CEMA agencies have already gone to work on them.

6285

CSO: 2400/285

CZECHOSLOVAKIA

ECONOMIC SUCCESSES, SHORTCOMINGS IN 1984 REVIEWED

Prague HOSPODARSKE NOVINY in Czech No 2, 1985 p 1

[Article by Frantisek Hanus, deputy department director in the CPCZ Central Committee: "Taking Accounts of Accomplishments, Criticizing Shortcomings"]

[Text] In accordance with the decision of the presidium of the CPCZ Central Committee, the first membership meetings of the basic party organizations have been under way since the beginning of this year. They have their tradition; they have proved to be an important means for motivating the party and every communist for the fulfillment of tasks, particularly the economic ones.

The significance of this year's membership meetings held in January and February and of the subsequent public party meetings is emphasized by the fact that with them we begin a year which will definitely determine the fulfillment of the directive of the Seventh 5-Year Plan and which will complete the initiative of our working people and of all our citizens, aimed at the 40th anniversary of the conclusion of the Czechoslovak people's struggle for national liberation and the liberation of our homeland by the Soviet Army. At the same time, this year we shall begin the period of preparations for the 17th Party Congress and for elections to our representative bodies.

The specific content of the party's membership meetings was stipulated by the 12th Plenum of the CPCZ Central Committee, which discussed the state plan for socioeconomic development for the current year. It articulated the tasks in a far more challenging way than in the past. That challenge stems mainly from the expansion of the planned intensification program. Although the rate of growth of national income remains the same as in 1984, social product must be achieved for the first time at a lower rate of growth. That may be accomplished only by more stringent reduction of consumption in production and of consumption of power and materials, by higher labor productivity and by faster practical exploitation of scientific and technological achievements. The quality of our production must be improved more vigorously and adapted to market demands.

The party's membership meetings at the beginning of this year must help mobilize internal unused capacities so that every workplace might adopt measures that will guarantee the achievement of the stipulated tasks. This means that all positive aspects must be realistically assessed and further developed, and

that the current weak points and shortcomings must be eliminated. By the same token, it is necessary to bear in mind that we are only beginning to step up intensification, consolidate comprehensive good management, and improve the quality of all labor. This year represents a transition to the Eighth 5-Year Plan and its specific task is to review our potential for the coming period, so as to advance a faster development of our national economy. That is imperative for the maintenance and further improvement of our living standard, for the consolidation of our people's social stability as well as for a greater capacity of our country's defense in firm unity with the USSR and other fraternal states of the Warsaw Pact.

There is solid ground for the fulfillment of this year's task--the good accomplishment achieved last year in our industry, construction, agriculture, and other sectors. The fulfillment of the pledges adopted by the teams and individuals in honor of the 40th anniversary of the conclusion of the Czechoslovak people's struggle for national liberation, and of our country's liberation by the Soviet Army, as well as the implementation of our election programs, have significantly contributed to that goal.

When assessing our achievements we must not succumb to complacency. Many enterprises and factories are still failing to fulfill comprehensively and steadily the tasks of their plans and are gambling on adjustments [of the plans]. Shortcomings are still in evidence in the efficiency of foreign trade, in supplier-consumer relations, in the management of inventories, and in the launching of investment projects in operation on schedule and with the planned parameters. Our consumption of energy has not been reduced at a sufficiently rapid rate. By the same token, we must be fully aware that reduced consumption of fuels, energy, materials and supplies is the main prerequisite for the further growth of our national income. This calls for focusing attention on the solution of those shortcomings precisely while debating and formulating the decisions of the membership meetings at the beginning of the year. It is therefore proper to study attentively the successful achievements along with the notorious weak points, instances of unresolved problems of the technological standard, quality and export efficiency, which often are chronic. We must strive everywhere to prevent such disorders from turning them subconsciously into integral parts of socialist society. After all, a certain manager is responsible for the shortages or for the inferior quality of certain goods over an extended period; he must do everything in his power to change the situation for the better.

It is hardly incidental that the tasks facing us over the nearest period may be compared in their complexity with the socialization of our agriculture. Proceeding from the well-known Leninist principle, so often confirmed by experience, "like the party, like society," their solution demands that the methods and style of our party work be dramatically improved. The tested and true experience must continue, but we must become far more emphatic when enforcing factors corresponding to our current and future needs. This applies to all party agencies and particularly to all basic organizations.

Above all, the party's ability to carry out [the plan] must be invigorated and the decisions of the 16th CPCZ Congress and of subsequent sessions of the

Central Committee must be fulfilled. The ability of our party's officials and organizations to carry out [the decisions] must be judged in accordance with their actual achievements. Experience has confirmed the importance of an offensive approach and unified line on the part of our economic management, trade-union and youth organizations under the leadership of our party. The communists here must set a better example and become more militant when enforcing particularly the long-range public interests.

The fulfillment of the qualitatively higher tasks for this year, and naturally also for the coming years, necessarily depends on the intensification of our party's leading role. The key prerequisite for the activity of the communists and for more aggressive work of basic organizations is full-blooded vitality within the party and a consistent fulfillment of the Leninist principles and standards of our party's work. In the forefront at this time appears particularly distinctly the demand that democratic centralism be consolidated and democracy within the party, team spirit, criticism and self-criticism be fostered.

The escalating struggle between socialism and capitalism is generating an urgent need for a greater offensive in our ideological work. We must fully recognize this fact in our daily work and help enhance the principled party attitude, consistent class interpretation of events and irreconcilability with bourgeois propaganda. At the same time we must effectively reveal the increasing aggression of imperialism, especially that of the United States, which seriously jeopardizes peace in Europe and all over the World.

Every party organization must emphasize the demand that ideological and, above all, mass political work proceed consistently from the realization of the tasks, needs and views of the people in workplaces and communities. As many communists as possible must be involved already in preparations and discussions at membership meetings in order to take advantage of collective judgment and experience. That means [the involvement of] party groups, leading economists and communists in public organizations. By the same token the main focus in the discussion of such relevant issues as the fulfillment of the tasks for 1985 is on the involvement not only of communists but also of unaffiliated citizens. At the same time this also will be good preparation for public membership meetings of our party.

Such challenging tasks cannot be mastered without thorough enforcement of the right of party control and without greater demands on the leading cadres. In other words, the main criterion for the evaluation of the people everywhere must be seen in an active approach, conscientiousness and accomplishments. On the one hand, it is desirable that our party officials and organizations fully support those leading economists--and they are in a majority--who promote the long-range societywide interests, who lead their teams consistently and with initiative toward the fulfillment of their assigned tasks, who set an example by their work and personal life, who are not afraid to tackle the problems, who are seeking new solutions, and whose words and deeds are not at variance. On the other hand, it is necessary to approach far more scrupulously and critically those who are lackadaisical and, thus, who often fail to

meet their tasks, who gamble on adjustments of the plan, and whose managing, organizational and educational work demonstrate shortcomings.

Here our party officials and organizations must provide a more challenging political climate, render party control more efficient, and insist on consistent fulfillment of the party's decisions and on further intensification of the party, state, technological and labor discipline pursuant to the Letter by the Presidium of the CPCZ Central Committee on Intensified Struggle Against Violations of the Principles of Socialist Laws, Ethics and Discipline.

For that reason an atmosphere of creativity and responsibility for public needs must be developed everywhere in the activity of our party officials and organizations as well as in the economic management sphere. In this respect considerable untapped resources are available for consolidation of the positive achievements in our national economic progress. We must therefore overcome the still evident symptoms of formalism, superficiality and preoccupation with the interests of a particular sector, and emphasize above all our daily political work with the people.

The decision of the 12th Plenum of the CPCZ Central Committee as well as the concluding words by General Secretary Gustav Husak expressed great admiration for the dedication of our working people and for the efforts of our party, state, economic and public agencies and organizations in the fulfillment of the plan for 1984. The CPCZ Central Committee voiced its conviction that the 40th anniversary of the conclusion of the Czechoslovak people's struggle for national liberation and of our country's liberation by the Soviet Army will continue to provide a vital impetus for our working people and citizens to expand their initiative and focus on the fulfillment of their challenging tasks for 1985. It will help significantly to enhance our country's economic strength and represents our contribution to the struggle for peace and progress, so that we may render to the 17th CPCZ Congress the best possible accounts for the work we have done. Good proceedings of our party's membership and public meetings at the beginning of this year will certainly contribute to that effort.

9004

CSO: 2400/255



CZECHOSLOVAKIA

METALLURGY, HEAVY ENGINEERING IN 1984 SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech No 2, 1985 p 2

[Commentary by Jan Mara, CPCZ Central Committee official: "Metallurgy and Heavy Engineering"]

[Text] Last year the Ministry of Metallurgy and Heavy Engineering had to deal with a number of problems and introduce certain significant measures. Nevertheless, its collective of 1.5 million completed the tasks of its operational plans already on 27 December, when it achieved 100.4 percent in the production of goods, 102.8 percent in exports to socialist countries (all charges paid) and 107.9 percent [in exports] to nonsocialist countries (all charges paid), 100.6 percent in adjusted value added, and 104.9 percent in profits.

Furthermore, material delivered for construction projects which are the mandatory tasks of the state plan, including the tasks of the ministry, were fulfilled in the volumes of completed works and deliveries for the nuclear power plants. Early in November a test run was launched in the first unit of the V2 nuclear power plant in Jaslovske Bohunice, which generated 723,000 MWh of electric power before the end of the year. Physical operation in the first unit of the V3 nuclear power plant in Kukovany was launched on 31 December 1984. The launching, adjustment and tune-up stage began in the framework of the second hydrotest in the second unit in Jaslovske Bohunice. According to preliminary results it is presumed that the plan for the production of goods for 1984 will be exceeded by Kcs 2.2 billion, of exports to socialist countries by Kcs 1.4 billion (all charges paid) and to nonsocialist countries by more than Kcs 800 million (all charges paid), of deliveries to our domestic market by Kcs 200 million, of adjusted value added by Kcs 840 million, and of profits by Kcs 960 million.

Despite such favorable achievements certain shortcomings were evident throughout 1984. It is imperative to examine thoroughly what caused the nonfulfillment of the line of goods exported to the USSR; above all, Skoda in Plzen, CKD [Ceskomoravska Kolben Danek] in Prague and Sigma in Olomouc were delinquent. Certain shortfalls in deliveries for the mandatory tasks of the state plan must be critically studied; the discipline in the structure of assortments in many important construction projects and the mandatory fulfillment of adopted tasks must be improved. Particular attention must be focused on further improvement of efficiency and on reduction of inventories.

Reports from the production sector were favorable mainly because of higher labor productivity which had risen 4.6 percent over 1983. We succeeded in fulfilling the plan uniformly and without higher material inputs, which further enhanced the efficiency of the process of production.

The state plan for 1985 proceeds from last year's positive achievements and is unusually challenging, mainly because it is targeted at faster intensification, higher efficiency and more thorough utilization of our untapped domestic resources. Lower consumption in production calls for further cuts in the consumption of power, raw materials and supplies. Thus, a stepped-up process of intensification presupposes a further growth of productivity of labor and goal-oriented activity in the R&D area, so that every VJH [economic production unit] and enterprise may follow a specific program to raise the technological-economic standard and quality of their production, goods and technologies, including an outline for the implementation of those objectives. At the same time, the economic consumption of products must be cut; moreover, structural changes will continue. These objectives are projected in the concept of the plan for 1985, which is challenging not only with regard to the dynamism of heavy engineering, but above all in the economic conception.

While production in the sector of metallurgy and ore mines is stagnating (100.5 percent), heavy engineering shoulders the key task, namely 105.6 percent, not including the metallurgical production in Vitkovice. The rise in production is aimed mostly at the mandatory tasks in capital investment, deliveries for export and for our domestic market, and better supplier-consumer relations, with deliveries of modules and spare parts from its sectors.

The plan for operations and deliveries for capital investment in 1985 calls for a volume amounting to Kcs 16.5 billion, which is nearly 113 percent as compared with 1984. In exports to nonsocialist countries it amounts to Kcs 30.5 billion (all charges paid), including Kcs 22.7 billion in heavy engineering; the rest consists of rolled materials, pipes and other types of metallurgical products. In exports to nonsocialist countries this year the target is a volume of Kcs 9.9 billion (all charges paid). Deliveries for our domestic market will total Kcs 2.7 billion in retail prices.

The tasks in capital investment are focused primarily on meeting the deadlines for delivering facilities for operation. The volume of works and deliveries represents Kcs 8.6 billion. It is envisaged that 42 mandatory construction projects will be completed.

The production of 1000 MW equipment for nuclear power plants, development of advanced technology, new materials for instruments, preparation for the production of new types of heavy-duty semiconductor parts with integrated structure, innovation of TC 2 N technological units for strip mining of coal and other tasks are among the most important challenges of the plan for technological development.

The challenge of the plan's economic content is attested by the fact that the Ministry of Metallurgy and Heavy Engineering must increase the growth of adjusted value added this year at a rate of 103.9 percent, further cut the share

of material costs in outputs to 98.9 percent, raise labor productivity to 103.4 percent, and reduce inventories to 98.94 percent.

It is therefore imperative to step up the organization of accumulation of the untapped resources of materials and values--mainly on the basis of more extensive innovation and rationalization programs, so as to save labor input in the amount of 13.158 billion standard hours, 3,600 tons of nonferrous metals, and 235,000 tons of ferrous metals, and to conserve sources of fuels and energy in the amount of 562,800 tons of specific fuel. The enterprises and VHI's are preparing intensification programs which will outline the ways to achieve the envisaged goal and to achieve all the above-mentioned objectives.

Considerable attention is focused right from the beginning of the year on the fluency of the production and market operations. Therefore, the fulfillment of all deliveries for our domestic market and for exports will also be consistently reviewed in individual months. Our success does not depend on material resources and technological production alone, but above all on our people, their involvement in the activity, and on the talents and forces they shall marshal. In his concluding statement at the 12th Plenum of the CPCZ Central Committee, Comrade Gustav Husak emphasized that our economy has all the requirements for the satisfaction of our society's needs, but all depends on our full exploitation of that potential.

The fulfillment of the tasks by the Ministry of Metallurgy and Heavy Engineering is significantly advanced by the goal-oriented initiative of our working people. The trade union of metallurgical industry workers has been affecting the activities of its organizations for a long time. The main directions for the development of initiative were prepared in cooperation with the Federal Ministry of General Engineering and with the Federal Ministry of Electrical Engineering. They are focused on implementing the tasks of operational economic plans in the whole complex, at a more efficient process of replacement, including the fulfillment of the goal-oriented state tasks in rationalizing the consumption of fuels, energy and metals, and at an accelerated technological development.

9004

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CZECHOSLOVAKIA

REGIONAL PLAN OF NORTH BOHEMIA DEVELOPMENT ASSESSED

Prague PLANOVANE HOSPODARSTVI in Czech No 11, 1984 pp 74-81

[Article by Jaroslav Vejrazka, Czech Planning Commission: "Role of the Regional Plan in the Development of the North Bohemia Kraj in the Seventh 5-Year Plan"]

[Text] In its resolutions the 16th CPCZ Congress stressed the importance of the North Bohemia Kraj for our whole republic. Based on these observations, it was decided to formulate and receive approval from the federal and the Czech governments for a regional development plan for this area prior to the approval of the Seventh 5-Year Plan. Work began on this in January 1981 with the accumulation of documentary materials and was completed in November 1981 when the regional plan was submitted to the CSR Government. This plan addressed five fundamental problems related to:

- the economic development of the region;
- the development of the tertiary sphere and the technical infrastructure;
- health-care programs for the population and environmental protection;
- the development and utilization of construction facilities;
- increasing employment and the size of the work force.

This plan consisted of several sections, each of which was devoted exclusively to the solution of one of these pressing problems.

Kraj Economic Development

The economic development of this kraj was evaluated from the viewpoint of its proportional development in the organization of production and nonproduction sectors, their location in relation to population centers and sources of labor, and the location of housing, public facilities and industrial infrastructure.

Exceptional attention has been devoted to the development of the North Bohemian fuel base, i.e., the extraction of brown coal and overburden removal, the mining of radioactive raw materials and the generation of electrical energy, as the main constituents of the economy of the kraj. Consideration has been given to the mutual ties between mining and its attendant capital investment and the requisitioning of agricultural land, as well as issues related to the eventual return of this land to agricultural use.

The completion of construction on the Prunerov II electric power plant marked the end of the building of condensation power plants, meaning that attention could be shifted to providing locations for the dumping of power plant ash, and to issues of environmental enhancement and protection with regard to reducing emissions of sulfur dioxide and solid particle emissions.

Possibilities were discussed of building centralized sources of heat run with natural gas or electricity, and the capacity of rail and road transport for handling the transportation of coal and other substances out of the basin regions was assessed. Attention was then directed to the electrification of the rail lines and their modernization, to the installation of communications and safety equipment that would increase the capacity and throughput of the rail lines and roads that are used to haul the bulk of the coal out of the basin. In conjunction with power generation and mining activity, projects were undertaken in the rejuvenating of forest stands and protecting mine works from large floods resulting from the deforestation of the slopes of the Krusne Mountains.

After resolving the problems of the basic constituent elements of the economy of the kraj it was possible to begin work on the development of the remaining branches of the national economy. The basic criterion was that increased outputs, given limited increases in employment and work force resources, had to be achieved through intensifying production, modernizing equipment, and by means of simple construction modifications requiring a minimum of construction work.

In the area of the agrofood complex, attention was focused on improving the use of natural conditions both in plant and in livestock production, on dealing with the negative consequences and conflicts stemming from the development of the fuel and power system, and on completing the construction of a base for the food industry as the critical precondition for the smooth supplying of the population of the kraj with a quality assortment of food.

#### Development of the Tertiary Sphere and Technical Infrastructure

A characteristic of the North Bohemia Kraj is that the intensive development of the fuel and power base of the state is accompanied by a worsening of the environment, which in turn has a negative impact on the overall quality of life, housing and surroundings, and especially of the living conditions of individuals, who represent the motive force of the kraj economy, thus leading to population destabilization. For this reason provisions are being made for the establishment of a service sphere along with the development of production programs, which is intended to compensate for the difficult living conditions and to increase the satisfaction of those citizens living in the kraj. The development of the infrastructure, housing ability and improving living conditions are considered to be indispensable conditions for the proportional development of the fuel and power base of the state.

For this reason emphasis was placed on the completion, in conjunction with growing extraction in specific okreses, of a fundamental restructuring of population centers. A program was put in place that provided for the upgrading

of deficient portions of the public facility and public utility infrastructure from the Sixth 5-Year Plan, and fundamental objectives were established, particularly in the area of health care.

The positive contribution made by housing construction to the stabilization of the population during the Sixth 5-Year Plan had to be carried over into the Seventh 5-Year Plan. It was therefore decided to build in this kraj alone 52,500 apartments in all types of construction projects, with the top priority being placed on comprehensive apartment construction, essential special-purpose projects, and selected portions of the road network.

In conjunction with apartment construction it was necessary to establish firmly the scope of supporting investment projects as well as a program of construction work that would allow all necessary projects to be completed. It became clear during plan formulation that the primary emphasis had to be placed on assuring the construction of heat generation facilities, the absence of which could seriously threaten the objectives for apartment construction for the Seventh 5-Year Plan. In areas where, because of inadequate design, investor or contractor preparedness, it proved impossible to provide heat, mobil sources were provided according to a precisely adhered-to schedule.

As we have already noted, the advance of working faces at open pit mines generates the need for a large number of ancillary investment projects. For instance, within the context of public housing construction it was necessary to construct about 2,000 apartments to compensate for villages that were eliminated; then in the area of special-purpose construction projects it was necessary to complete about Kcs 1.5 billion in work according to a tight deadline. In addition to the ancillary investment, moreover, it was necessary to complete planned special-purpose investment projects as well, which were concentrated primarily in the areas of health-care facilities for both adults and children. In order for design work on all special purpose projects to proceed smoothly it was necessary to name specific contractors for given projects.

Providing for the transportation of coal out of the basin and the transport of other materials into the basin requires, in addition to an exceptionally good road system between sites, the extensive upgrading and repair of the road system. Attention has therefore been focused on the main international routes and the key roads of the kraj. The requisite resources have been budgeted for this work and the general contractors for the work have been named. Along with work on selected road networks, sections of Class I roads have been designated for rebuilding within the context of large-scale repairs to the road network.

#### Health-Care Programs for Residents and Environmental Protection

The basic objective of this portion of the plan is to assure that the smooth development of the production base of the kraj is accompanied by increasing facilities to protect the environment and provide health-care services for the growing population. We have attempted to see to it that this program becomes an essential part of all levels of the national economic plans.

A realistic appraisal has been made of possibilities both for protecting and enhancing the environment and for further improving the health-care services available to the younger generation and all inhabitants of the kraj, for improving social conditions, recreational and sporting opportunities, etc.

It was decided to focus health-care programs on the following:

- removing sources of environmental pollution and instituting a set of measures to reduce it;
- preventative health-care measures for residents;
- programs to compensate for difficult living conditions;
- the fulfillment of tasks to improve the environment which have previously been approved by resolutions of the presidiums of the CSSR and CSR governments.

In terms of removing sources of environmental pollution, attention has been focused on the status of techniques for trapping solid emissions, with a view to reducing their volume by 1985 by 82,000 tons. Based on the size, capabilities and time available to the equipment suppliers, the plan calls for the rebuilding of 14 separation installations at the Tusimice, Pocerady, Prunerov, and Ledvice power plants.

To reduce emissions, mainly of sulfur oxides, the Federal Ministry of Fuel and Power [FMPE] adopted the task for the Seventh 5-Year Plan of beginning the construction of desulfurization equipment at one of the power generation units of the Tusimice II power plant along with similar equipment for expansion gases at the Uzina A. Zapotocky Fuel Combine. One of the most effective measures for reducing emissions has been the phasing out of distributed heat sources and local boilers in favor of centralized heat and hot water supplies. A design was arrived at for the construction of heat sources and the accompanying distribution networks.

On the issue of improving the environment the greatest amount of attention has been devoted to the reclamation of dumps and improvements to them so as to improve the appearance of the countryside. Plans call for the reclamation during the Seventh 5-Year Plan of 1,600 hectares of land, and the initiation of similar work on an additional up to 1,700 hectares, based on the general plan that has been worked out by the Most office of the ORSHD [Sectoral Directorate of the North Bohemian Brown Coal Mines]. In conjunction with this a program has been developed for reclamation that is designed to facilitate the construction of tree parks and protected greenbelts near housing complexes to compensate for land lost as a result of expanding mining activities.

Construction organizations at all levels have been directed to apply consistently the construction code to control unauthorized dumps, to see the cleaning up of construction sites prior to the start of operations of a completed facility, and to complete the landscaping modifications and planting programs provided for in the plan. The principles have also been worked out for a so-called Green Program, the completion of which has been undertaken by national committees at all levels and is being handled within the context of their "Project Z." This is not always a matter of planting, but sometimes includes

the construction of small reservoirs or water flows, both of which also contribute to environmental improvement.

Another very important aspect of the regional plan are health-care services for kraj residents, especially children. In addition to regular preventive medical care, trips are being organized to schools in nature, especially for children of basin okreses. The objective is that all children in these areas have at least two 3-week excursions annually. To increase the number of available beds, plans call for construction of five additional schools in nature. In conjunction with the Central Council of Trade Unions [URO] use is being made of the recreational facilities of the Revolutionary Trade Union Movement [ROH] and its pioneer camps during non-vacation times. It is estimated that this creates 8-10,000 places per year for the above-mentioned children's excursions.

Physical education units assist in improving the physical fitness and disease-resistance of children with regularly organized physical fitness programs. The facilities of children's recovery centers and respiratory treatment centers have been made available, and measures have been passed to increase the number of doctors per 1,000 residents to a point where the North Bohemia Kraj will rank right behind Prague in this area by the end of the Seventh 5-Year Plan.

Health care for the adult population is being focused mainly on the organization of excursions for the residents of the most affected areas, increased numbers of vouchers for domestic and foreign recreation for ROH and for treatment at spas. Resources have been budgeted for the importing of state-of-the-art medical equipment, such as tomography equipment, dialysis equipment, etc.

Stabilization of the population and the work force in the basin okreses is an ongoing problem. For this reason a number of measures have also been taken in this regard. Grants for housing construction have been increased in some areas. Enterprises have been authorized to grant a stabilization contribution equivalent to the full membership contribution in a cooperative stabilizational housing construction project. Due to the exceptionally difficult conditions, stabilization bonuses in the amount of Kcs 2,500 annually are being paid to those workers who have their permanent residence in the above regions and have worked there for at least 10 years.

#### Development and Use of Construction Facilities

The most thoroughly formulated program for work force development, tertiary sphere enhancement and environmental protection would be of no value if it were not backed up by the existence of the requisite construction capabilities. An analysis of the use of these facilities during the Sixth 5-Year Plan and projections of requirements for the Seventh 5-Year Plan indicated that the CSR Ministry of Construction would have to arrange for the use of construction resources from outside the kraj, and negotiate the availability of some Kcs 1 billion of resources under the management of the SSR Government over the course of the 5-year plan. Concurrently, steps must be taken to re-structure kraj construction capabilities in the direction of greater capabilities in civil, industrial, and engineering construction projects. This



evolution of construction capabilities must be accompanied by certain developments in the material and technical base of the construction sector. At the same time, attention is being paid in the area of services to the objective of the regionalization and specialization of enterprises which must necessarily lead to a reduction in costs and inventories, as well as assuring work force and materials availability for construction projects.

In terms of the utilization of construction capabilities priority was given to projects related to the development of the fuel and power base, housing construction and the service sector, construction projects related to environmental improvement and projects related to the restructuring of the railway and road networks.

These measures created the preconditions for capital investment. The fact that a general contractor had been specifically named for most of these projects also played an important role, because it enabled investors to take care of project designs according to the requisite schedules.

#### The Development of Employment and Work Force Availability

The evolution of the forces of production of the kraj is not feasible without a constant increase in the labor force. Considerable effort must, therefore, be focused on stopping the departure of residents from the kraj. These efforts can only be enhanced by measures that have been proposed in housing construction, environmental protection, and health care.

Most of the projected increases in the work force have been allocated to fill the requirements of the fuel and power complex. Finding workers for this sector is also the chief objective of internal kraj migration programs and interkraj recruitment efforts by national committees. Plans call for the recruitment of a minimum of 800 apprentices annually for the North Bohemian Brown Coal Mines. Training them in a quality fashion will not be possible without training centers equipped with the latest equipment. For this reason arrangements have been made with the pertinent sectors for the construction of five new professional training centers.

The formulation of a regional plan and its approval by the CPCZ Central Committee, the CSSR Government Presidium and the CSR Government have created the conditions for balanced and proportional kraj development. At the time of these final acts, however, one must remain aware of the scope of the work and the negotiations that the development of this regional plan required. This work took almost 10 months; the tasks of the regional plan were discussed with each participating organization. The CSSR and CSR Government Commissions for Resolving the Problems of the North Bohemia Kraj played an important role in its development by serving as final arbiter for all problems that arose. The positive attitude and assistance of party organizations should also be recognized.

The first stage of work had been completed. Now it was a matter of making this regional plan part of all economic plans at all levels of management. This was noted in the resolutions of the CSSR Government Presidium and the CSR

Government, which directed ministries, senior central organizations, and the North Bohemian Commission of the Kraj National Committee to break down their tasks in the form of implementational programs for all levels of management.

If the regional plan was to fulfill its organizational role it had to become not only a part of the economic plans of enterprises and organizations, but also the concern of all the residents of the kraj. The tasks included in it had to be placed under public control, and therefore the CPCZ Kraj Committee decided to publish the program in full in the kraj party press. Now that some time has passed it is possible to evaluate positively the work of the press in assuring the tasks of the regional plan.

The People's Control Commission also played an indispensable role in the implementation of the regional plan, in the sense that its inspection projects reminded senior managers that they could not underestimate the tasks included within the plan, but rather had to devote significant amounts of their time and the resources under their management to the fulfillment of the tasks on schedule.

Three years have passed since the adoption of resolutions related to the regional development plan for the North Bohemia Kraj for the Seventh 5-Year Plan, so it is possible to evaluate its fulfillment. The following results have been achieved:

In the area of the fuel and power complex the goals are being fulfilled for coal extraction--an increase of 4.4 million tons, for overburden removal--an increase of 36.6 million cubic meters, and in electricity generation, which has increased by 7.7 percent to 28.7 billion kilowatt hours; also on schedule was the completion of the rerouting of the Bilina River into the Ervenicky Corridor and the rerouting of the Trebusice-Chomutov rail line. These two projects fully exposed the working faces of the Jan Sverma and Czechoslovak Army open pit mines. Completion of the rerouting of the Usti nad Labem-Teplice rail line freed up the working face of the Chabarovice mine. The upgrading and modernization of large mining equipment and conveyor belt systems is proceeding satisfactorily. The preconditions have been created for the smooth construction of ash bins so as not to disrupt power plant operations. The operational startup of the Prunerov II power plant marked the completion of the cycle of steam power plant construction in this kraj and meant that attention could be turned to the desulfurization of combustion byproducts. Within the context of air quality improvement programs the Trmice III and Novosedlice centralized heating plants and their distribution systems were made operational. It may feasibly be expected that the tasks outlined in the regional plan will be completed by the end of the 5-year plan.

The extraction of radioactive raw materials is also being developed intensively. The gas production industry is also coping well with the goals of the regional plan, and has increased its planned production by 9.9 percent.

In the area of railway transportation the task of transporting coal and other materials from the basin is proceeding well. The rerouting of the Usti nad Labem-Teplice and Trebusice-Chomutov lines required almost Kcs 2.5 billion of

construction work. The electrification and automation of the railway system, the essential precondition for increasing the system's carrying capacity, is proceeding satisfactorily.

In forest management about 16,000 hectares have been reforested in the damaged areas of the Krusne Mountains. A lack of quality seed is threatening to cut the regional plan short by some 2,5000 hectares. Quality seedlings are being provided by the setting up of large nursery operations. By the end of 1983 a total of 43 of the projected total of 123 hectares of new nursery space had been set up. The Ministry of Forest and Water Management is also dealing successfully with its tasks, especially in the area of the protection of mine works. Works related to the draining of the Drinov Reservoir were placed into operation. Streams in the vicinity of the Nastup and Tusimice mines and the Chabarovice open pit mine were rerouted. The first water works project connected with the Josefuv mine was completed.

The engineering sector is also meeting its objectives. Construction was completed on a staging yard for Louce Mine Assembly, and on a service center for Milevsko ZVV. A facility built for the Chrastava Elitex concern enterprise was put into operation, as was a foundry for Ostasov LIAZ, and a motor factory in Jablonec.

Divisions of the CSR Ministry of Industry are also overfulfilling their targets at the present time. Their capital investment plans are proceeding well. A new refinery and previously damaged facilities have been completed at the Litvinov Cheza national enterprise. A new line for mineral fibers has been made operational at Sibrál, a weaving mill at Varnsdorf Velveta and a number of other facilities.

During the period being considered 2,057 hectares of idle land was returned to agricultural production. A total of 972 kilometers of irrigation systems was constructed, primarily in the arid Poohri region. To better supply the market with fresh vegetables and fruits the areas devoted to them were increased by 62 hectares and 125 hectares, respectively. In the food industry operations were begun at a meat combine in Chomutov and at the first phase of a milk plant in Ceska Lipa.

We cannot be satisfied, however, with the level of task fulfillment related to the development of the tertiary sector and the technical infrastructure. During the past 3 years, 25,981 apartments have been completed, which is 45.5 percent of the entire task. This means that a majority of the work on housing is being pushed into the final 2 years of the 5-year plan, meaning that it will be necessary to complete about 1,000 apartments monthly. Serious consideration must be given to the situation in the construction of detached houses where, despite a number of adopted measures, only 2,000 of a projected total of 8,000 were completed in the first 3 years of the 5-year plan. The reasons include inadequate housing starts, as well as inadequate territorial and design preparations. It has become clear that the lead investor, the North Bohemian Kraj National Committee, despite a number of measures that have been adopted, seriously overestimated its resources and capabilities in this area.

One of the tasks of the regional plan which is being fulfilled successfully is the assurance of the necessary public works and other infrastructure for housing projects. In the first 3 years of a total 164 of 180 planned facilities have been completed. The program of ancillary investment projects is also proceeding well, including water, sewerage and heat supplies, because the projects are being completed on schedule. This not only is facilitating smooth housing construction now, but is also making possible its continuation into the Eighth 5-Year Plan.

As we have already stated in connection with comprehensive housing construction, the regional plan seriously overestimated the ability of investors to complete on time site and design preparations for priority construction projects in the first years of the 5-year plan. The results from the startup of these projects indicate that they will be delayed for about 2 years, which again concentrates a great amount of work into the final 2 years of the 5-year plan.

Programs are also under way in the service sector and to develop the commercial network. A hotel has been completed in Most, a shopping center in Podborany and, within the context of "Project Z," 31 retail sales outlets with total floor area of 2962 square meters. A prior department store and an industrial goods warehouse are nearing completion in Teplice.

The construction of a selected road network is also proceeding satisfactorily. In 1983 work was completed on an extension of route 1/8 in Teplice, and a bridge is in process across the Elbe River in Decin.

The area of health-care services and environmental protection has also met with some successes. These include a reduction in solid particle emissions in the first 3 years of the 5-year plan by 74,000 tons. The construction of desulfurization equipment on the first 200 megawatt unit at the Tusimice power plant and at the pressure gas works in Uzina is beginning to make a significant contribution to the problem of gaseous emissions. Centralizing heat supplies is also improving this situation, especially in the basin okreses of the kraj, where construction of a central heating plant in Teplice was completed and the Trmice III heating plant began operation.

One of the basic measures for improving the appearance of the kraj is the reclamation of devastated areas. In the first 3 years, 1,485 hectares were reclaimed, which is 89.7 percent of the 5-year target. To replace green areas 4.5 million new trees and 2 million shrubs were planted, and 744 hectares of greenbelt area were created. Progress was also made in putting idle land to use, with public organizations receiving 2,928 hectares that were previously idle. Nine bodies of water were upgraded and within "Project Z" eight small water purification plants were constructed.

In the area of health care for children we were successful in arranging for trips to schools in nature for 145,000 children. Construction of a school in Primda was completed and construction on schools in Volyn and Ruzova began. Three additional schools will be started in the next 2 years. The number of children sent to recuperation centers and spa facilities also increased. A

similar situation exists in health care for adults, where the number of patients treated at spas and of workers taking advantage of selected ROH recreational opportunities are both increasing.

During 1983 the first payments of stabilizational bonuses to 125,000 workers were made in the amount of Kcs 252 million. Measures adopted within the context of the health-care programs were reflected in a change in the migrational deficit of the kraj. While in 1981 and 1982 283 and 400 people, respectively, left the kraj, in 1983 the kraj experienced a population gain of 685 individuals. Moreover, these measures were most evident in the basin okreses of Chomutov, Most and Usti nad Labem, all of which have begun to record positive migration figures. An improvement may be anticipated in Teplice in 1984 and 1985 because plans call for the completion of substantial numbers of new apartments.

In terms of employment increases, plans called for an increase of 11,000 positions in the Seventh 5-Year Plan; in the first 3 years an additional 8,700 people were employed, most of them in the critical sectors of the kraj, mainly the fuel and power complex.

These results of the fulfillment of the regional development plan for the North Bohemia Kraj for the Seventh 5-Year Plan demonstrate the full feasibility and vitality of this plan. The internal balance of the development plan is generating the preconditions for the harmonious development of individual national economic sectors, the tertiary sector and the service sector. The completion of the plan will result in the creation of optimal living conditions for kraj residents.

Despite the fact that only 3 years have passed since this plan was formulated, now is the time to begin work on a regional plan for the Eighth 5-Year Plan that provides continuity with the achievements of the current 5-year plan. This is essential primarily with regard to capital investment and preparations for it, because it is necessary to have the requisite project documentation ready by the start of the Eighth 5-Year Plan.

The North Bohemian territory will remain a place that to a large extent dictates the growth rate of our economy in the next 5-year plan. This is because it accounts for most of the extraction of our energy coal, is the location of the largest power plants in our country, and happens to be the site of the largest deposits in our country of the power generation fuel of the future--uranium. What is unfortunate is that the operation and construction of this fuel and power base has resulted in a number of negative phenomena in the evolution of the environment which, despite substantial increases in the standard of living, have caused some destabilization of the population.

These facts imply the necessity of attaching top priority in the Eighth 5-Year Plan to the development of a program of support for those individuals who, under difficult conditions, are performing responsible and indispensable jobs. The regional plan must provide all political, economic, and social organizations in the kraj with a program that will lead to the resolution of these problems and imbalances.

Work on this regional plan must take account of existing work on a long-range plan. Moreover, it cannot be allowed to be a task solely for the North Bohemia Kraj National Committee, but requires a team approach. This means very close cooperation with planning organizations and sectors, economic production units and enterprises, and with social organizations. This is the only way to create a regional plan that will integrate the interests of its participants in such a way that it can become an instrument of management for the Eighth 5-Year Plan.

9276

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CZECHOSLOVAKIA

YEAR 1984 ECONOMIC RESULTS BRIEFLY SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech No 5, 1985 p 2

[Commentary by Engineer Vaclav Jezdik of the Federal Statistical Office: "The Year 1984"]

[Text] The results that the Czechoslovak economy achieved last year have contributed significantly toward implementing the policy that the 16th CPCZ Congress had set. The decisive planned tasks were fulfilled and exceeded in industry, agriculture, construction, transport and other branches. The economy's growth accelerated further. Gross national income increased by 3.2 percent; and industrial production, by 3.9 percent. The [gross] farm output increased by 3.6 percent, including a grain harvest that was the best ever.

Czechoslovakia's closer participation in socialist economic integration, and especially cooperation with the Soviet Union, contributed significantly to the development of the economy. The Soviet Union accounts for more than 45 percent of Czechoslovakia's trade turnover.

The faster growth of the output of goods and services made it possible to maintain and further improve the population's living standard and to strengthen its social security. Deliveries for the domestic market increased over 1983. Combined with the increase of personal money incomes, this permitted a rise of roughly 2 percent in the personal consumption. Aggregate nominal personal money income increased by 2.6 percent (the plan anticipated a 1.8-percent increase). The average nominal wages of workers in the socialist sector (not including the unified agricultural cooperatives) reached 2,836 korunas per month, 1.7 percent more than the preceding year.

In accordance with the intentions of the plan, personal expenditures rose faster than incomes: by 2.8 percent over 1983. The retail turnover was higher by 3.1 percent. In comparison with 1983, sales of meat, meat products, and citrus fruits increased.

Czechoslovak households are well equipped with durable consumer goods. Sales of private cars rose, and 108,000 were sold last year. Industry supplied domestic trade with 127,000 color TV set, which was 86 percent more than in 1983. Deliveries of refrigerators totaled 124,000 units, an increase of 74 percent. We were unable to eliminate entirely the shortcomings in the assortment of the supplied textiles, clothing, footwear and certain types of household goods.

Selected Indicators of National Economy's Development in 1984.  
Increases Over Comparable 1983 Period (in percent)

	1984 actu- al	1984 state plan <sup>1</sup>
Centrally Administered Industries deliveries for:		
- investments, at wholesale prices	6.2	.
- domestic trade at retail prices		
- export to socialist countries at wholesale prices	4.5	.
- export to nonsocialist countries at wholesale prices	6.9	.
volume of industrial production	3.9	2.5
average number of employees	0.6	1.2
labor productivity based on gross output	3.3	1.3
Construction		
construction work performed with own personnel	1.7	0.7
average number of employees	0.2	0.9
labor productivity on construction's basic output	1.5	-0.3
housing units delivered by contracting enterprises	-2.5	-4.9
Agriculture		
gross farm output	3.6	-3.1
- of which crop production	4.2	.
- livestock production	3.2	.
Procurement		
slaughter animals (including poultry)	3.9	-2.1
milk	3.8	-4.7
eggs	4.1	-3.9
Retail Turnover		
main trade systems	2.5	1.3
Foreign Trade <sup>2</sup>		
export to socialist countries	12.1	.
export to nonsocialist countries	3.9	.
import from socialist countries	12.4	.
import from nonsocialist countries	3.0	.
Personal Money Income	2.6	1.8
Expenditures	2.8	2.0

1. Adjusted federal plan approved by Government Decree No 120/84 (less the goal-oriented programs' effect); plan adjusted for actual 1983 results.
2. At current prices, f.o.b. supplying country's border.



The volume of consumer services also rose, although there is still much to be done at the local production and service enterprises and industrial cooperatives to improve the quality of their operations, and the availability and completeness of the services they are providing.

A rapidly rising component of the living standard was the population's social consumption: it was 5 percent higher than in 1983. Per capita social consumption averaged 10,764 korunas, an increase of 483 korunas over 1983. Especially the outlays for social security, health care and education increased.

Total social security benefits increased by 2.6 percent over 1983, to 79.9 billion korunas. This includes 50.7 billion korunas for social security pensions, an increase of 3.3 percent over 1983.

With the completion of 90,900 housing units, fulfillment of the plan for housing construction was 101.6 percent. The construction has begun of 94,100 new housing units.

Although the overall results in the economy's development were favorable, all the possibilities were not utilized to intensify the output of goods and services, to raise the economy's efficiency, and to improve the quality of the work performed.

Industrial production attained faster growth than had been planned. The planned volume of gross industrial production was exceeded by 9.1 billion korunas, the equivalent of 3.5 days' output. The planned adjusted value added was exceeded by 8.6 billion korunas. In accordance with the 7th Five-Year Plan's intentions, production increased at the fastest rate in the sectors associated with the application of more R&D, and in the sectors based on the utilization of domestic raw materials. Above-average growth was achieved especially in the electrotechnical industry, general engineering, the pulp and paper industry, the glass, porcelain and ceramics industry, and the production of medical supplies.

The total sales of centrally administered industries increased by 4.1 percent. The planned deliveries were fulfilled to all principal destinations. The individual ministries' goal-oriented tasks for supplying domestic trade likewise were fulfilled successfully.

Profitability, in relation to both costs and production assets, was better than planned; the volume of profit rose; and the profit plan was clearly exceeded. The proportion of total costs in relation to output, and the proportion of material costs were lower than the plan had anticipated. At a rise of 0.6 percent in employment, labor productivity increased by 3.3 percent in terms of gross output, and by 5.3 percent in terms of value added.

Fulfillment of the planned tasks differed considerably by industrial enterprises. Some of the enterprises did not fulfill their tasks comprehensively and evenly, which disrupted deliveries for productive and nonproductive consumption and also supplier-user relations. Innovation activity at some of the enterprises, and their ability to respond flexibly to the domestic and foreign markets' demand, remained slow despite the overall progress last year.

Construction fulfilled its planned tasks 100.9 percent. The growth rate of construction work was higher than what the state plan had anticipated. The planned volume of adjusted value added was exceeded by 1.2 percent. Total costs, material costs, and labor productivity developed more favorably than had been planned.

Although the planned volume of construction work was exceeded overall, fulfillment of the tasks during the year was not continuous and even, and some of the enterprises fell short of their annual targets.

Efforts likewise failed to improve the evenness of capital construction and to speed up the completion of the projects, including the capacities that the state plan had designated as mandatory tasks. Even though the number of unfinished investment projects and the unspent balances of the projects' budgets declined during 1984, the volume of new starts and unfinished capital construction is still excessive.

Agriculture achieved further growth in both crop and livestock production. Besides the record grain harvest, also the harvests of sugar beets, potatoes and silage corn were better than in 1983. The harvests of perennial forage crops and oil seeds were lower. Yields developed favorably in livestock production. The average annual milk yield per cow increased by 4.2 percent to 3,526 liters. The average annual lay per hen increased by 4.4 percent to 239.9 eggs. And the average daily weight gains in fattening cattle and hogs rose.

Transportation likewise managed to fulfill its planned tasks. The national economy's transportation-intensity declined. The diversion of freight from trucking to less energy-intensive railroad transport continued, but the planned objective of reducing the share of the enterprises' own trucking was not achieved.

The fulfillment and overfulfillment of the state plan's decisive tasks and the acceleration of economic growth in 1984 have created a good base for starting the final year of the 7th Five-Year Plan. But there still remain considerable possibilities for the more efficient utilization of the economic and R&D potential, for gaining more value from the inputs of energy, raw materials and supplies, and for improving the quality and technical level of the produced products. The utilization of these reserves is an important asset for the fulfillment of our future tasks.

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CZECHOSLOVAKIA

KHOZRASCHET IMPLEMENTATION LAG CRITICIZED

Prague HOSPODARSKE NOVINY in Czech No 4, 1985 p 7

[Article by Eng Karel Snabl, deputy economic manager, Poldi Kladno:  
"Pussyfooting Around--Khozraschet in the Planned Management System"]

[Text] Considerable space on the pages of economic periodicals, especially UCETNICTVI, has been devoted in recent years to a discussion focused on the intensification of khozraschet management. I believe that after more than 3 years one may offer an opinion about the method of practical enforcement and implementation of the "Khozraschet Principles" published as a supplement to HOSPODARSKE NOVINY No 46/1980.

Why Is There No Acceleration?

In some sectors we are still far removed from the resolution stated in the "Khozraschet Principles." In no case would I wish to downgrade or doubt the role of khozraschet as a method of planned management. All I wish to do is to offer practical examples of khozraschet management in a metallurgical enterprise in order to point out some of its shortcomings or, as the case may be, the obstacles to its effect which in my view stem from the fact that the motivating function of the Set of Measures is not being properly enforced.

For several years we in Poldi Kladno have emphasized intensification of khozraschet management of all economic centers. Khozraschet is being continuously improved not only on the basis of empirical experience and incentives, but also because the Ferrous Metallurgy VHJ [economic production unit] continues to focus attention on it. The employees of the Metallurgical Research Institute in Dobra have done a great deal of educational and methodological work in their formulation of the Principles of Intensification of Enterprise Subdivision Khozraschet, which are part of the Set of Sectoral Regulations for Enterprise Subdivision Management.

These principles recommend suitable indicators for specification for individual organizational and managing sectors in production, service and auxiliary units. Furthermore, the principles of material incentives for managing and administrative sectors of enterprises are stipulated. In the enterprises of the Ferrous Metallurgy VHJ these sectoral regulations are regarded as the basis for the enterprise subdivision khozraschet management and economy.

In Poldi Kladno we update and annually issue the main principles for enterprise subdivision management, which stipulate above all the following:

- the mechanisms of management and their relation to the most important operations of the enterprise;
- their linkage with the system of personal material incentives;
- the system of penalties for violations of the principles of enterprise subdivision management and for nonfulfillment of planned tasks;
- main principles of planning and budgeting;
- pricing policies and standardization, including the task of technological development;
- the role of counterplanning and its linkage with personal and team material incentives;
- management of cadre, personnel and social development, and employees' participation in management.

Thus, it may be said that none of the important areas in the planning system affecting the efficiency of the khozraschet system has been ignored. Although khozraschet has its irreplaceable position in the planning system, it has not brought to economic processes that factor of acceleration which had been expected from it in conjunction with the introduction of the Set of Measures.

In my view, its greatest problems are that in comparison with the past the mobilizing or motivating function of the khozraschet has hardly been expanded. Thus far in current practice we have failed to implement management according to the 5-year plan. We may be familiar with the 5-year plan in the form of the directive for 1983-1985, but the question remains: how to express it in figures and how to gauge it for the entire 1981-1985 period, above all, in view of different price levels. Team and personal material incentives, however, continue to be determined by the fulfillment of the indicators of annual plans. Moreover, before the end of 1984, for example, the development of wages was assessed absolutely; in other words, an overfulfillment of the planned level of adjusted value added did not lead to a higher accumulation of wages payable.

In addition, the assets accumulated against the plan for economic achievements cannot be listed on the level of the enterprise as, for instance, undivided profits and regarded in the plan for the following year as internal resources for financing. Neither can they be assigned in the annual accounting balance to one of the enterprise funds. Also, depreciations above the plan are paid on a quarterly basis during the current year.

Thus, the enterprises cannot independently decide how to use the assets they have accumulated above the plan. As prior to 1981, financial directives, decrees, regulations and instructions stipulate quite specifically how to dispose of such assets. Therefore, the enterprises have not gained greater authority and no free assets remain for disposal at their level.

#### What Should Be Improved

The principles of counterplanning represent a new factor in khozraschet. Counterplanning has turned into an important mechanism in systematic accumulation of wages payable and thus of the wage standard. So far the people accepted in their subconscious the practice of rewards as a continuously enforced tendency of semiannual growth of average wages. In view of the constant material production in ferrous metallurgy and of considerable inertia of material relations in the production and assortment of goods, which is given by the relatively long innovation cycle, counterplanning developed into a decisive factor in maintaining wage stability. For that reason every single metallurgical enterprise submitted a counterplanning proposal.

The mobilizing effect of the counterplanning principles, of course, is being muffled because the stimulation of enterprise teams has no long-term effect, and thus cumulative ratings for the entire 5-year period are not applied. To guarantee at least a minimum progression of average wages, annual counterplanning must maintain a narrow link between the dynamism of adjusted value added and the usable wages payable. At present, however, there are evident tendencies to tie the counterplanning to a limit (balance) of wages payable. The counterplan of adjusted value added is included in the absolute amount of adjusted value added, which is derived from the still "tolerable" standard of wages payable.

Any potential further increase of adjusted value added no longer offers the opportunity to raise usable wages payable because the determining factor is precisely the level of wages. Social demand thus loses its regulating--or stimulating--function and, evidently, its role will be enforced in a similar way as before 1980, i.e., by balances or limits.

Activation of khozraschet is further frustrated by the fact that, with the exception of the administrative-legal point of view, nothing has changed in the actual authority and responsibility of the VHJ's. Independent judgment and decisionmaking (without the ministry, bank, FMF [Federal Ministry of Finances] and SPK [State Planning Commission]) concerning changed conditions for the implementation of the plan in subordinate organizations are practically impossible, which turns the VHJ into an expert guarantor of central agencies. The VHJ practically only guarantees the fulfillment of the center's demands. Expansion of the VHJ's authority would certainly improve the dynamism in the process of replacement in sectors.

The absolutization of khozraschet responsibility of the enterprises is not balanced by opportunities to influence the enterprises' own economic operations. Khozraschet responsibility is completely decentralized, while decisionmaking is centralized. Figuratively speaking, the relations of an economic organization to the national economy are more or less analogous to the relation between an employee and an economic organization; the enterprise plays a role of a kind of executor of the center's will. After a long time even the khozraschet management of the enterprise is promoting the tendency to improve the fulfillment of its plan rather than an initiative formulation of the plan, which is only of secondary importance.

An example is the development of employee initiative itself, which--with the exception of counterplanning--has been focused thus far exclusively on the fulfillment of the plan. Enterprise khozraschet also must be a spin-off of the assigned plan. Creative factors in its function are the enterprise and above all enterprise subdivision analyses of economic operations and the proposals for rationalization which stems from [those analyses], but only those [proposals] that may be implemented in the modest capacities of the enterprise, resolved by technological development and implemented by "self-help."

Nevertheless, since it seems that thus far there is no consensus concerning the rating of the contributions made by enterprises, no uniform program for the development of enterprise khozraschet has been set. On the contrary, the direction in which the enterprise subdivision khozraschet must be oriented is clear (budget-making, calculations, technical-economic standards, cost supplements, etc). The optimum disaggregation of enterprise indicators for individual economic and cost centers must be steadily improved. However, this task must be dealt with on an individual basis, with a view to the different conditions in individual enterprises. Sectoral regulations of enterprise subdivision khozraschet provide appropriate guidance.

As for realistic regulations of enterprise khozraschet, in my opinion they should be stipulated only after the question of rating the achievements of enterprises has been answered. I think that we cannot avoid rating the inputs and achievements of economic operations on the basis of world prices and consequent different incomes in individual enterprises. We must distribute only actually created assets, especially in the wage area. For instance, in 1984 we should distribute assets accumulated in 1983 and preceding years. That means that material incentives paid to individual employees and labor teams cannot be rated merely according to the fulfillment of the indicators of the plan.

Furthermore, adequate financial resources have not been accumulated thus far on every level of management and, above all, no reserves remain in the purely operational period of full production (after shortfalls in export promptness, etc., have been eliminated). Moreover, the stimulating function of khozraschet must be upgraded. A number of limits must be revoked because a program does not concern savings alone. There should be more interest in earning above-plan profits, in overfulfilling export tasks and in economizing with work forces.

CZECHOSLOVAKIA

## INTRODUCTION OF COMPUTERS IN PRODUCTION DISCUSSED

Prague HOSPADARSKE NOVINY in Czech No 5, 1985 pp 8-9

[Article by Eng Stepanka Kudelkova, Organoprojekt Prague, Tatra Koprivnice:  
"Computers in Production--Science and Technology as Key to Efficient  
Economy"]

[Text] The only success achieved through automation in enterprises so far has involved mass data processing. The sphere of operational control, which could produce more significant results through automation, remains virtually untouched. An improvement could be expected from the application of the SMEP [system of small electronic computers] series computers with terminal networks affording direct communication between user and computer. The effectiveness of their application in the operational control of production and the flow of materials depends not only on the reliability and functional properties of computer technology, but to a considerable extent also on the quality of preparation of type projects and their practical application, including organizational implementation.

While computer technology has found application in most enterprises and organizations, it still has not become an instrument used by managerial personnel in their daily activities. The reasons vary, but to a substantial extent they depend as much on the technical and functional properties of computer technology as on the capability of personnel engaged in automation to implement computers into management.

The major part of the currently used computer technology is predetermined by its price, its demands on environment and operators as well as by its functional properties for application in centralized computer centers for mass data processing. Computer centers are flooded with tens of thousands of pieces of primary documentation used for variously arranged and sorted compilations depending on their users' needs, bookkeeping, statistics, etc. These complications can be processed in the form of supplementary operations involving, as a rule, considerable time delays so that the

information can no longer be used for operational control in real time. Thus, dispatching in production control and in flow of materials is in the present approach to automation still relegated to manual record-keeping.

Moreover, it became necessary to develop systems for the transfer of information from documents to computer media (punch cards, perforated tapes and magnetic tapes, etc.) and systems for control of output compilations, which tie up a considerable number of administrative personnel and drain a great part of the savings achieved by computers through automated processing. Output compilations are often very voluminous, offering little orientation and containing a great amount of data not needed by managerial personnel. They are of use in the processing of recordkeeping data, e.g., in accounting, statistics, standardization, price calculations. However, for their most part they do not meet the needs of managerial personnel.

A negative role is played herein also by the fact that the mathematical and simulation models in use that are to make decisionmaking easier for managerial personnel are based on an inadequately devised and poor-quality normative base. All of this influences the approach of users to computers.

#### Potential Savings

New possibilities and, consequently, improved quality could be introduced into management by minicomputers and terminal networks which could be applied directly under operational conditions and become interconnected by means of terminals directly with users. These computers already operate in an interactive mode and enable the user to communicate with the computer in real time.

All this represents a substantial advance in the utilization of computers and finally provides managerial personnel with a tool which could in a very substantial way enhance their managerial efforts. A considerable amount of time must be devoted to the acquisition and processing of information needed for their decisionmaking. If they can receive from the computer the required information on request at any time and can rely on its quality, they will be willing to devote a certain amount of effort to the planning and practical implementation of such an automated system.

How can a terminal connected to a computer improve the efficiency of control and recordkeeping, e.g., in the management of inventories? In the computer's memory is available a list of stored items which replaces an inventory file, containing the requisite data about each item, including quantity and point of storage. At the same time, the computer's memory makes available planned supplies and planned deliveries specified according to individual transportation quotas, customers, deadlines, material input or output, etc. In so doing, these plans must be balanced ahead of time to ensure adequate availability of materials for keeping production continually supplied.



The storage operator locates on the terminal's display the required sentences listing storage items and reports inputs and outputs of individual items on the basis of actual documentation. The computer then recomputes by itself the final state of inventory, the listed meeting of the plan in the planning set, and summarizes inputs and outputs of individual items for the needs of material and accounting recordkeeping for statistics, calculations, standardization, etc.

While this example is overly simplified, it indicates that a single primary report about a material transaction (input or output of materials) provides information not only for operational storage management in real time, but also for all subsequent recordkeeping and statistics specified according to the criteria and numerical codes incorporated into the sentence listing the relevant items.

This then does away with any additional perforation of individual documents and keeping of manual files and various handy reference files in the warehouse. An analogous approach can be taken to the management of production shops and servicing operations with the proviso that in addition to recording the flow of materials there is a need for automated recording of the actually performed operations or working time that form the basic information for computation of wages, wage statistics, standardization of work performance, utilization of the full capacity of systems, etc.

Thus, if it becomes possible to automate the acquisition of data on the progress of material processes (i.e., flow of materials and energy, performance, working time, utilization of systems, etc.) directly in warehouses, workshops and operational facilities, there becomes automatically available information for the economic assessment of workshops, plants, enterprises as well as central spheres, and also for the needs of operational control by all levels of management. This then becomes merely a question of using the requisite numerical codes and sorting criteria and incorporation of partial data into indicators depending on the needs of the given links of management. This is an area dealt with exclusively by the computer without additional demands on data acquisition.

#### Limits of Reliability

Control technology (computers, including terminals) used directly for operational control of material processes must provide maximum reliability to eliminate the need for double keeping of time-consuming manual records. Thus, reliability is the basic prerequisite without which there is no realistic hope for successful implementation of such a system into operational practice. This calls for the adoption of the principle that keeping accurate records on the progress of materials processes is of the same significance to production as is, e.g., adequate availability of material or production capacities, that any breakdowns or outages of this technology creates considerable difficulties directly in the production process. Elimination of a breakdown of computer technology holds for production the same significance as, e.g., elimination of a breakdown of production equipment.

My experience tells me that while proficiency has been acquired in the production of Czechoslovak minicomputers from the viewpoint of functional properties for operation in a terminal network in interactive mode, the providing of expedient and expert repairs--provided by the National Organization for Technical Services [NOTO]--is still far from organizational and technical resolution.

The user must have recourse to these services on a daily basis. He is constantly convinced that there is not only a shortage of replacement parts, but also a shortage of qualified personnel for the elimination of defects and breakdowns. The methods used in discovering the causes of breakdowns do not provide the user with a guarantee that a technician can restore the computer to operation; recurrence of the breakdown after his departure is by no means an infrequent phenomenon. If the average time from the moment of reporting a breakdown to the arrival of a technician is, at best, 2 days, then the use of the computer in interactive mode for operational control of production is unacceptable. And users still have no clear idea whether NOTO will create the conditions requisite for providing technical care for control technology.

At the same time, however, new possibilities are opening up for users toward very effective utilization of minicomputers of domestic production in the operational control of production, and it is specifically such utilization that could reverse the still continuing poor effectiveness in the application of computer technology. One can ask the question whether it is economically feasible to produce computers with excellent functional properties which, however, are instantly impaired by inadequate technical servicing. And without operational reliability it is unrealistic to apply computer technology directly in workshops and operational facilities which have all the prerequisites for attaining truly economic results derived from automation.

#### Sources of Experience

The automation of the acquisition of data about the progress of material processes at the basic level of management forms the basic prerequisite for effective management and with the complexity of production and the great number of parts produced it literally calls for the application of suitable technology. Namely, if managerial personnel in production do not have a precise idea of what they have in a workshop or storage, what the state of unfinished production is, what his planned consumption of materials for the required production is, etc., they are unable to make optimum use of the resources at their disposal. They face the risk of wasting materials and capacities at their disposal on unneeded production which will remain in storage with the resultant lack of materials and of capacities.

Nevertheless, the application of minicomputers in interactive mode in the operational control of material processes is marked by certain specific features that differentiate it from automation by central computers within computerized enterprise management systems. First of all, main emphasis must be placed on cooperation with users in the preparation of automation projects.

Automation of management in interactive mode will namely make a basic change in the style of work of managerial personnel. Thus, in order to make this new style of work acceptable to them it must respect their needs and requirements. Thus, managerial personnel must become co-generators of the management system under preparation. Thus, the devising of interactive modes--much more so than batch-type processing--must be participated in by organizers--analysts who will act as mediators between users and computer operators, i.e., programmers--analysts.

Under our conditions it is possible to make in this respect use of the experience gathered in the devising of automated integrated production sectors (IVU) in general engineering and also the experience of the Robotron company of the GDR, which has implemented several control systems with automated data acquisition in our country. The latter company is capable of providing the users with not only the requisite hardware, but also processing of organization projects and comprehensive software, including cooperation in organizational implementation, as was the case, e.g., in the building of an automated pressing plant in Rom Rulnek.

Recently the Repair Plant in Novy Jicin prepared a dispatching-type control of repair-oriented production in interactive mode in real time for our SMEP series computers. This concept includes control of material flow at the workshop, warehouse, operational facility or plant level and can consequently be applied in many enterprises and organizations. It is regrettable that the requisite conditions have failed to create to this day for these and other type projects for their application in other enterprises and organizations.

Problems of operational control of production in interactive mode are dealt with within the CSVTS [Czechoslovak Scientific and Technological Society] by its regional group of specialists in automated control systems in general engineering of the North Moravia kraj, of which I am a member and where experience is shared by specialists from the entire country. Specialized consultations and discussions reveal that there is a need for unification of varied approaches and concentration of all specialized efforts into the preparation of type projects that must be based on a modular concept, make use of modular elements in programming and use modern data base approaches to make them applicable under varying conditions.

#### Prospects of Automation

The existing approach to automation in batch mode on central computers has not so far affected the work of managerial personnel to any substantial degree. The results of automation are compiled printouts for users. The actual technology of processing information by computers thus remains an exclusive concern of personnel in computer centers, i.e., "computer people."

Changing the customary organization of management and circulation of information in an enterprise is a very demanding proposition, each change proving very difficult and time-consuming in materialization. Thus, the tendency is rather to look for differentiating features in enterprise management that justify the use of individual analytical and program approaches. In other words, since automation specialists tend to be mostly experts in the field of computers and not organizer-analysts, it is easier for them to prepare new programs for computers than to adapt the organization and circulation of documents in an enterprise to type projects which, moreover, are not always adequately adaptable. In batch-type processing this approach is routine, even though it represents considerable losses for the national economy.

The application of minicomputers with terminal networks directly into the control of material processes changes the situation. The application of terminals directly in warehouses, offices of foremen, planners, dispatchers, and technologists will call for changing the organization of information operation and circulation. Instead of manually kept records and files, or even a computer printout, managerial personnel will have a terminal display available on their desk.

Documentation will be printed by computer and its circulation will be different. In every case of computer application in interactive mode it will become necessary to change the organization of managerial activities. In the mass application of terminals in workshops, warehouses and offices, on the order of thousands to tens of thousands of workplaces, the management will be similar. Then it will also be highly beneficial to prepare high-quality type projects and programs for organizational implementation in the direction of users.

Along with making minicomputers and terminals affordable and improving their operational reliability, such typification of projects and programs will promote a widely based application of automation directly in material production, where it could produce maximum results at minimum costs. Thus there is a need for making use of the type projects already devised and for creating the prerequisites for their continued updating and dissemination.

The regional group of specialists in automated control systems in general engineering of the North Moravia Kraj has already succeeded in concentrating in its ranks all the needed specialists and creating the atmosphere for mutual cooperation within CSVTS; however, there is a need for expediently creating the cadre and organizational prerequisites for this endeavor in professionally related organizations.

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If the means invested in computer technology are to be effectively utilized, users must be provided with this hardware, including organizational projects, user programs, and assistance in organizational implementation. It

would be possible, e.g., to make use of the experience of the Robotron company from the GDR. Otherwise, each enterprise will once again select its own approach and in so doing will miss an opportunity for improving the efficiency of management right at its basic level, where maximum results can be obtained. However, there is not much time for hesitation--computers of the SMEP series are already routinely supplied to enterprises and the latter are looking for acceptable solutions in their use. Without the availability of type projects, each enterprise will again follow its own path and each will again rediscover what has already been discovered--at the expense of errors, mistakes and lack of effectiveness.

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CZECHOSLOVAKIA

PROGRAMMATIC APPROACH TO BRIGADE WORK, COMPENSATION

Prague HOSPODARSKE NOVINY in Czech No 5, 1985 pp 1, 4

[Article by Eng Premysl Tomasek, first deputy minister of labor and social affairs of the CSSR: "A Programmatic Approach"]

[Text] The brigade form of organizing work and compensation has a quite specific and irreplaceable role in the process of overall intensification of our economy and increasing the effectiveness and quality of all work. In the past 3 years, this has been tested out and gradually implemented in enterprises' mature work collectives. What experience has been gained?

The brigade form of work is one of the tried and true ways to increase the role of the work collectives. It makes it possible, when it is properly employed, to join closely the personal, collective, and social interests with satisfaction of the workers' actual needs, based on good results of work and economizing. It strives for overall increase in the organizational level of work and production and for achieving higher performance and social productivity while at the same time improving the conditions for socialist humanization of work, advancing the methods of management within the enterprise, and implementing khozrazchot down to the level of the work brigade collective, as well as for advanced work methods, especially through application of research and development results in economic practice. It likewise applies the merit principle in the area of material and intangible interests of individuals and collectives as the sole criterion for the results achieved in one's own work and economizing, intensifies the workers' participation in management, and develops socialist competition and people's work activities without formalities. It educates the workers to work consciously in the spirit of the basic norms of a socialist understanding of work.

Goals and Conditions

Leading Soviet economist Prof Boris Mikhailovich Sukarevskiy characterized the brigade form of organizing work and compensation by saying that it is a process which had the same mission and role in the Soviet Union in the 1980's as the Stakhanovite movement had in the 1930's.

We have to provide objective answers to the basic questions:

-what has so far not been done to develop the brigade form of organizing work and compensation and what are the initial experiences in implementing it?

--what ideas are there for further development of the brigade form in our conditions?

As far as the first question is concerned, the answer depends partly on experience in the khozrazchot sphere and the brigades themselves and partly on information held by the central management agencies, the trade union agencies, and their organizations.

In our particular situation, in the years 1982 to 1984 we first proceeded to check out the basic principles of the brigade form in selected, mostly mature collectives of material production branches. Preparations were based on the experience of socialist countries, especially the Soviet Union, where they are into the third 5-year plan devoted to their development by society as a whole.

Our validation concentrated mainly on the following:

--an increased contribution by the brigades to the growth in productivity of labor, economizing, and the quality and efficiency of production on the basis of utilizing the brigades' authority and responsibility in questions of internal organization and the division of labor, on the acceptance of higher goals, and on the evaluation and compensation of the brigades' work and that of their individual members;

--methods of incorporating the brigades into the organizational and social structure of the enterprise and the management system within the enterprise and suitable forms and methods of applying brigade khozrazchot on the basis of assigning tasks in the economic plan down to the brigade level;

--checking out alternatives in the size and composition of brigades; application of elements of collective work organization which reinforce the mutual cooperation, assistance, and replaceability of the individual brigade members; and the development of rationalization operations and establishment of norms for work in the brigade;

--the development and higher effectiveness of collective forms of material incentives for the common contributions of the brigade's work and for the method of distributing the collective compensation according to the actual work merits of the individuals;

--the position and role of the foreman and brigade supervisor in managing the brigade;

--the relationship of the production brigades to the brigades of socialist labor and the complex rationalization brigades and on limiting ineffective administrative actions connected with application of the brigade form;

--the social aspects of the development of the work collective creating conditions for political and professional growth of the individuals; on increasing work awareness and voluntary discipline; and on the development of work initiatives and good mutual relationships.

The original intention of checking out the brigade form of organizing work and compensation in a selected, narrow circle of collectives (in about 120 collectives, of which 50 were supposed to be centrally studied and evaluated) was significantly exceeded. At the beginning of 1984, the brigade form had already been applied in 402 enterprises and 1,721 collectives in which over 44,000 workers worked.

Over in the course of the year, in some enterprises the introduction of the brigade form outgrew the framework of a test and became a broad movement on which the attention of the state, economic, party, and trade union agencies was concentrated. Such a broad-based test made it possible for the state and trade union agencies to do a complex evaluation of the results and experience to date. At the end of 1984, the brigade form had been applied in more than 2,000 collectives with over 50,000 workers.

#### Information and Experience From the Test

The most significant and positive changes which the brigade form brings in comparison with the previous organization and management of the collectives is in the thinking and attitude of the people regarding the work, in strengthening the authority and responsibility of the brigades in establishing and maintaining the economic conditions, and in evaluating, rating, and compensating the collectives and the contribution of the individual to the results achieved.

Evaluation by the managers of the organization, the trade union agencies, and the supervisors and brigade members themselves agree on the fact that this form strengthens the interest in collective results of work and economizing, eliminates unconcern and selfish interests, and represents an important impetus for the expansion of the worker participation in production management.

The specific information from the production brigades' practice can actually be summed up by the fact that it increased the awareness of responsibility for the collectives and for the individuals in terms of the resources with which they were entrusted and the results achieved and significantly strengthened their attitudes in the spirit of the slogan "everyone is the manager of his own work area." The collectives searched more intensively for ways to exploit existing reserves of resources and for ways to achieve greater savings. There was also an increase in the demands for carrying out personal tasks and obligations which the enterprise leadership accepts for the individual brigades, and there occurs a



basic attitude change toward disruption of work discipline and reduced performance by the individual brigade members. There is likewise a positive evaluation and responsible utilization of a basic change in the attitude of the work collective, particularly the opportunity of expressing themselves on compensation for the members of the collective (on distribution of the collective portion of the earnings) and on further recognition for good results.

This testing became a stimulus for improving khozrazchot within the enterprise or, in some cases, for the introduction of khozrazchot tasks down to the work collective. The experience of the organizations and collectives involved in the testing shows that there exist many possibilities and the necessary room for the development of concrete forms of brigade khozrazchot.

The brigades which were set up correspond to the organizational and cost (or, in some cases, economic) centers and have a large number of members (often 100 to 250). In many cases, the basic collective of the production sector was usefully supplemented by workers providing maintenance, transportation, supply, technical control, etc. With these brigades, the production and economic results have a more complex nature and one can speak of brigade khozrazchot in the true sense of the word.

Brigades made up of smaller numbers of workers (usually about 15 to 30 members) are also successfully operating. Thus within the economic (or cost) center there are brigades operating which as a rule work on the basis of partial khozrazchot or according to technical-economic norms and indicators. Their key feature is that here they directly and informally apply the immediate influence of the collective to the work conditions and the actions of each individual. This type of brigade has a totally positive influence on the foremen's management work. A certain part of the organizational work within the brigade passes over to the individual brigades and their supervisors, so that the foremen, as the sole responsible supervisors at the third level of management, can fully concentrate on management of the shop as a whole, which is unquestionably a positive feature and element.

On the other hand, practice for the most part did not validate the creation of small brigades, often with only a few members. This was not only from the standpoint of simplicity in creating collective work organization, but also because of a certain growth in unnecessary administration.

An important element of the testing was the application of an effective form of material incentives for compensation of the collectives and the individuals. The information gathered shows that the level of commitment to the final work results of the brigade and the expression of the degree to which individuals could take credit for those results are in practice nonuniform and differentiated, and the intensity of the effect of material incentives also varies.

In a number of brigades, the entire variable element of the wages (the task bonus, premiums, and rewards) was dependent on the results of the brigades' work, with differentiation coefficients of work participation used for their distribution. But mostly only part of the variable element depended on the results of the brigades' work, usually the premium for results above plan. In our view, this intensity is not sufficient and further steps should be taken to increase the authority of the brigades to distribute all or the greater part of the above-scale portion of wages according to performance and the quality of the work done.

Experience from the testing shows convincingly that successful application of the brigade form requires a great deal of time and material for preparation in the political educational field (explaining the goals of the brigade form to the members of the collective, getting them to volunteer for participation in the brigade operations, and agreement on the basic idea of the operations), in the field of production economics (exploiting the advantages of collective organization of work, improving management within the enterprise, the brigade's khozrazchot, and material incentives), and in the field of personnel (selection of the brigade supervisor and, in some cases, the other members making up the brigade). The complexity of the preparations in all cases demands initiative from the economic management and its close cooperation with the party and trade union organizations.

But unfortunately in some organizations this important aspect was underrated; the preparations showed signs of simplification, unnecessary rushing, and formalities. The brigades were sometimes set up without creating the conditions necessary for their successful operations and this necessarily led in some cases to an interruption of the testing, and the production brigades fell apart. Emphasis on thorough overall preparations is therefore an important lesson learned for further attempts.

It has been shown that the brigade form can be an important method of joining together the interests of the workshop, collective, and enterprise with those of society as a whole, while ensuring that the goals for economic development are met, and an important method for activating the production collectives while uncovering existing reserves and taking on more demanding tasks.

#### Economic Results

The vast majority of the brigades exceeded their production and economic goals as established in the agreements made between the economic management and the brigade and a majority of the brigades achieved higher economic contributions than the composite results for interenterprise units and enterprises. Over 70 percent of the brigades achieved higher growth rates for the productivity of labor than the average for the plant or enterprise and about 60 percent made substantial reductions in material expenses. Almost half achieved an increase in the productivity of labor last year than was about 10 percent, and another one-fifth achieved 3 to 10 percent increases. Brigades which did not fulfill their assigned tasks were isolated occurrences.

In the first phase of practical application, the individual brigades made use of rapidly mobilized reserves in performance, economizing, and efficiency which made substantial contributions, but ones which could not be endlessly repeated. After the rapidly mobilized reserves were used up, as a rule the contributions came down to the standard level. Despite the occasional risk of losing activity in the collective, it is necessary to ensure that the program sets longer-range goals for the brigade operations, especially their orientation toward the application and mastery of new technology and more modern forms of organizing production and work.

One cannot ignore the contributions of the brigades in reducing overtime work. Some of them were oriented at an absolute savings in workers and they achieved good results in this area.

On the basis of favorable fulfillment of goals and rapidly mobilized reserves, there were a number of brigades that got relatively large increases in the earnings level. Last year, about half of the brigades showed an increase in average monthly wages of up to Kcs 100 (that is, by about 3 percent), another one-fourth had increases ranging from Kcs 100 to 200 (that is, by about 5 percent), while the remaining 25 percent made gains of over Kcs 200. For the majority of the brigades, the increase in wages was based on a growth in the productivity of labor growth rate more than double that of the growth in average wages.

Despite this, there were cases, even though they were isolated ones, where this important economic proportion was violated and there were unacceptable unilateral wage increases for brigades which were insupportable from the broader perspective of the organization. For further actions, we can draw the conclusion from this that it is essential to link the level of earnings with the results achieved and to aware any growth in wages strictly within the rules which ensure maintenance of the wage regulation conditions at the enterprise level.

A number of valuable items of information and suggestions came out of the test phase. It showed, and this must be particularly emphasized, that the development of the brigade form is not helped by exaggerated and unhealthy uniformity which stifles people's creative work, decrees matters from above, and does not respect the multiple conditions of the nature of the production and work organization in the individual branches and production departments.

Another important piece of information is that we cannot and should not create "hothouse conditions" which unilaterally evaluate one collective against another, even in the interest of a good matter, the overall support of the brigade forms of work. This is not the meaning or the purpose of developing this brigade form.

Cheap propaganda also does not help matters. In economic propaganda, one also cannot allow approaches which right in the very beginning of developing the brigade form reduce its goals primarily to questions of material interests and often on a scale of wage developments which cannot be achieved based on the scale of the enterprise.

On the basis of the experience gained in testing the brigade forms, the enterprises submitted a number of suggestions. They recommended that the brigades:

--make more intensive efforts to use working time better and to maintain production and technological discipline;

--expand activities of the production workers to some common maintenance and repair work which would reduce time spent waiting for the work to be done;

--apply a system of rotating workers at difficult work stations and, on the basis of mastering several operations, expand to a greater degree the operating of several machines and taking over machines during operation when the shifts change.

#### Further Outlooks

The presidium of the Central Committee of the Communist Party of Czechoslovakia and the federal government discussed information on the complex evaluation of the brigade form of organizing work and compensation and approved a further continuation in 1985 and the first years of the Eighth 5-Year Plan. At the same time, the presidium of the Central Council of Trade Unions reviewed the particular good and bad points of the development of the brigade forms so far. These agencies supported and put their full authority behind a purposeful and programmatic approach to introducing the brigade forms in our conditions. The following conclusions came out of the discussions:

The information gained in the test phase in the years 1982 to 1984 made it possible to terminate the test period in December 1984 and proceed in 1985 with the gradual introduction of the brigade form in the production organizations of industry, construction, agriculture, forestry and water management, transportation, communication, local management, and production cooperatives. In other economic organizations (in the branches of services, trade, etc.), they will proceed to the brigade form only after gaining experience with its application in specific conditions with a small number of collectives.

Gradual application of the brigade form will be ensured by the complete unity of the state, economic, and trade union agencies and organizations. Its development is based on the long-term process of systematic improvement and development of individual elements of this form, concurrent with changes in the production technical and social economic conditions and the utilization of experience from the practical operations of brigades.

Special attention must be paid to complex and high-quality preparation of actual application of the brigade form and systematically studying and evaluating how the established goals and tasks are met.

Preparations must include the technical, economic, and production units in order to create good conditions for the long-term operations of the brigades. The members of the collectives must be thoroughly acquainted in a timely manner with the goals, conditions, and tasks of the brigade and know their authority and responsibilities. Increased attention must be given to the selection, training, and political and professional growth of the brigade supervisors.

It is essential to carry out regular, usually quarterly evaluations of the brigades' operations as an important part of the evaluation of the economic operations of the organization and likewise to pay attention to the results in the annual complex evaluation of the organization's work.

Development of the brigades must start with the fact that their important role is to improve the organization of production and work and in the interests of the long-range brigade operations to be oriented toward mastering the changes resulting from the application of research and development, toward smooth organization and running of work operations, and toward complex changes in the organization of production and work. In this area, it will be necessary to make use of rationalization projects and agreements on supporting the brigade's production tasks and to give priority to orientation toward the production sectors where there exist favorable conditions for the collective organization of work. In particular, use must be made of the normative base for correct evaluation and appreciation of the work results within the brigade.

The multiaspectual forms of brigade khozrazhot will be applied depending on the actual conditions of the organization and the work area. Brigades must be set up so that their structure conforms to the collectives of the cost (or economic) center, has a large number of workers, and thus makes active use of the existing system of management, supply, and accounting within the enterprise. The direct participation of brigade members in the management of the brigade will be ensured by smaller collectives (platoons).

At the same time, it is essential to create the conditions for the functioning of smaller brigades (within the cost center) which are managed in accordance with selected khozrazhot tasks and according to technical-economic norms and to equip the progressively closed production sectors with the necessary measuring equipment and to intensify accounting within the enterprise.

Small brigades made up of only a few workers will only be set up in very exceptional cases when they make it possible to exploit the advantages of brigade collectivism, they do not require additional administration, and they do not increase the complexity of management.

In the brigades, it is necessary to reinforce the elements of collective incentives and to create conditions where the entire variable element (or at least a substantial part of it) is based on the final work results of the brigade, where the evaluation of the merits of individuals within the

brigade is made to reflect an effective form of the division of collective wages according to the actual contribution of those individuals, and where there is broad authority of the production brigades in decision-making and the methods of distributing the collective earnings.

The brigade form of organizing work and compensation will be joined as closely as possible with the other forms of activity and workers' initiatives and we will look for concrete cooperation and mutually enriching activities, such as interaction with the brigades of socialist labor, for example. For more rapid application of the results of research and development to practice, the production brigades will cooperate with the complex rationalization brigades.

In the interests of continuous development and improvement of the brigade form, it is essential that we test out the new progressive elements in selected enterprises; we must consider the possibility of creating several model enterprises and setting up consultation centers within them for the exchange of experiences and the dissemination of knowledge gained. The appropriate work areas of the scientific research base must be connected into all departments for the resolution of difficult problems of the brigade form of organizing work and compensation. Supervisory personnel in all economic production units and enterprises bear direct responsibility for the development of the brigade form and in cooperation with the party and trade union agencies they must create the essential preconditions for its introduction and utilize it as an effective tool for ensuring that the production and economic goals of the organization are met.

In all brigades and organizations there must be efforts to improve qualifications; this concerns both the supervisory workers who manage the work collectives and specialists who resolve questions about the brigade form, as well as the brigade leaders and the workers who are members of production brigades (using, for example, aktivs, seminars, production conferences, and schooling).

It is necessary to propagandize the brigade form in the mass media in a convincing manner, especially to bring out the work of progressive brigades and to point out their influence on the growth in the productivity of labor, effective use of material and labor resources, strengthening of work and technical discipline, improvements in brigade khozrazchot, application of sharing in the final work results, and the merit principle in compensation.

By the end of this year, a document will be published on the further development of the brigade form of organizing work and compensation and, in connection with this, the khozrazchot sphere will have made available instructions on the method of unifying the basic approaches with the brigade form, especially the principles of brigade khozrazchot, the method of distributing collective earnings, and a model of the contract which the brigade signs with the economic leadership.

The brigade form of organizing work and compensation has shown its justification and viability in our conditions. Now it will be a matter of enriching its multiaspectual form in a creative manner with new suggestions and thoughts, in the interests of mutual benefits for the brigades themselves and the substantiated needs of the organization and society as a whole.

6285

CSO: 2400/273

CZECHOSLOVAKIA

FUELS, ENERGY SITUATION IN 1985 SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech No 1, 1985 p 2

[Commentary by Frantisek Antene, official of the CPCZ Central Committee:  
"Fuels and the Power Industry"]

[Text] The supply of fuels and power was continuous last year, which enabled every branch of the national economy to achieve a faster growth rate than had been planned.

Especially the high overfulfillment of the plan for coal mining contributed to this, primarily by the North Bohemian Lignite Basin, Most, and at the Lignite Mines and Briquet Works, Sokolov. The output of lignite already exceeded by more than 2.5 million metric tons the 100-million-ton target that the 16th CPCZ Congress had set only for 1985.

The miners justifiably deserve high recognition for the results achieved last year. And together with the miners, also the hundreds of installation workers, designers and others in the engineering branches whose creative efforts have helped to improve the quality of mining technology, especially of the giant excavators and long conveyer belts. But in this area there still are ample reserves, and the workers of Transporta in Chrudim, together with the miners, must continue in their efforts to fully utilize these reserves.

The workers of our power industry have earned no less appreciation. They overfulfilled by approximately 1.5 billion kWh the target for electric power generation, becoming thereby a reliable factor in the fulfillment of our national economy's tasks. The heaviest burden was on the steam power plants: a demanding requirement was set for them from the beginning of the year, namely to compensate for the dropout at the hydroelectric power plants due to the low water level. They handled this task well and, by generating more than 2.0 billion kWh in excess of their plan, were able to supply even the high overfulfillment of the planned consumption of electricity, which is one of the negative features of our national economy's development in 1984. (In 10 months this overfulfillment of electric power consumption amounted to more than 1.7 billion kWh.)

Thanks primarily to the regular and increased deliveries of natural gas from the Soviet Union, our gas industry system achieved once again the good results that by now have become traditional. Especially favorable was the ability of



the gas industry to increase by more than 2.0 billion cubic meters the operating reserves of fuel gas stored underground; this enables the gas industry to supply the peak winter demand even when the daily mean temperatures are low. Despite this measure of outstanding significance for our fuel and power industry and the national economy as well, everyone should bear in mind that the resources of fuel gas, including the gas drawn from underground storage, are able to supply the demand and the national economy's needs down to a daily mean temperature of  $-7^{\circ}$  Centigrade in the case of natural gas, and  $-3^{\circ}$  Centigrade for town gas. When the daily mean temperature dips further, large customers can expect curtailment of their deliveries, in favor of supplying the households.

The results that the fuel and power industry achieved in 1984, one of the best years in its history, contributed significantly toward the successful results of the entire national economy and deserve our appreciation. They are the outcome of stepped up efforts over a period of years to successfully master, with the effective aid of the political organs and state agencies, the mining of more coal from strip mines, the worsening mining geological conditions in underground mines, and the complicated construction of nuclear power plants.

Despite the good results achieved in coal mining, electric power generation and the gas industry, our fuel and energy situation can be said to remain very tight, not only in 1985 but under the 8th and 9th Five-Year Plans as well.

The tight situation stems primarily from the high consumption of fuel and energy, an area in which we have not been successful last year, although good results were achieved in 1981-1983, when consumption dropped below the 1980 level. But it must be admitted that in 1984 weather conditions were more severe than in first three years of the 7th Five-Year Plan. This, together with the economy's faster growth, was reflected in the sharp rise in the domestic consumption of fuel and energy. But it is likewise true that conservation and the rationalization of consumption have been lagging in some places, especially under the impression that supply is relatively abundant. In 1984, the domestic consumption anticipated by the plan was exceeded by about 1.4 million metric tons of standard fuel equivalent, which complicates the balancing of our fuel and energy budget for the coming years as well, even though the plan was exceeded in coal output, electric power generation, and import of natural gas.

This is so primarily because the fuel and energy resources available for 1985 are practically at the same level as in 1984, due to the significant overfulfillment that year, whereas this year we must ensure the national economy's growth without any increase in the inputs of primary energy sources, in the same way as in 1983. At the planned 3.2-percent growth of national income, this will require a 3-percent reduction in the energy-intensity of generating national income, in comparison with the actual energy-intensity in 1984. How demanding a task this is can be judged from the fact that such a sharp reduction of energy-intensity has never been achieved in our country so far, and it will require a rate of reduction more than twice as high as last year. (In 1984, the energy-intensity of national income was reduced by 1.44 percent.)

Therefore it is essential that this year, from its very beginning, we exert maximum effort to attain this objective, primarily by consistently ensuring the tasks set by State Target Program 02: Rationalization of the Consumption and Use of Fuels and Energy, and the Realization of Structural Changes To Reduce the Czechoslovak National Economy's Energy-Intensity.

The 1985 plan calls for saving 2.462 million metric tons of standard fuel equivalent, which is about 2.4 percent more than what the five-year plan anticipates for this year. Considering the fulfillment of State Target Program 02 to date, this provides the prerequisites for saving during the entire 7th Five-Year Plan 13.294 million metric tons of standard fuel equivalent, which is 108.9 percent of the planned task. The achieved savings will thus average 2.56 percent of our annual domestic consumption of primary fuels and energy sources. These savings are by no means small. But the present situation demands that we try to save even more, so that we may create the resources for the fulfillment of increased production tasks, because this year a number of our branches, sectors and enterprises must in practice expect less fuel and energy resources than what they received in 1984.

We must also realize that 1984 cannot be repeated, especially not in coal production where the plan was exceeded by more than 4.0 million metric tons. With its 1984 record output, the North Bohemian Lignite Basin reached its peak, and from here on its output is expected to decline in a planned manner, because many of the fields have been depleted and the possibility of developing new ones is limited. For example, six mines with a capacity of more than 11 million metric tons are closing down in 1984-1985, and only 6.0 million metric tons of capacity will be added through new construction.

Thus the social committees for auditing comprehensive socialist rationalization must step up their activity far more effectively. And the initiative of our workers--including the socialist labor brigades, comprehensive efficiency brigades, innovators, and staff members in research and development--must be directed toward further reducing the Czechoslovak economy's energy-intensity, especially by consistently applying to practice the advances in science and technology.

The complexity and importance of this problem demand the continued attention of the party organs. Particularly the membership meetings at the beginning of the year should consider controlling fulfillment of the measures stemming from the social audits of fuel and energy management, and also the adoption of new and more effective measures.

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CSO: 2400/258

GERMAN DEMOCRATIC REPUBLIC

TRANSPORT MINISTER INTERVIEWED ON 1985 OBJECTIVES

East Berlin DDR-VERKEHR in German No 1, Jan 85 (signed to press 4 Dec 84)  
pp 2-4

[Interview with Otto Arndt, GDR Minister of Transportation (date and place not indicated): "The Objectives for the Transportation System in the 1985 Plan Year"]

[Text] [Question] Comrade Minister, the last year was the most successful one in the history of our country. What is your view of the contribution the working people in the transportation system have made to it?

[Answer] The 500,000 working people in the transportation system achieved outstanding work results last year through socialist competition in honor of the 35th anniversary of the founding of the GDR.

The mission with which the 10th SED Congress charged the transportation system and all sectors of the economy--to ship less, over shorter distances and at lower energy expenditures while continuing a high performance growth--was met purposefully also in 1984. As the result of the joint efforts at reducing the economic domestic transportation requirements, optimizing delivery relations, and shifting freight transports from road traffic to the energy favored transportation branches of railroad and inland navigation, with a steady planned increase in industrial and construction achievements in the GDR economy between 1981 and 1984, the freight transport volume and performance was reduced in absolute figures in domestic transportation.

Specific transportation expenditures in domestic freight transport thus were nearly 19 percent lower in 1984 than they had been in 1980. In 1984, the transportation branches that are more economical shipped 13 million tons of goods more than in 1983.

Broken down, it turns out that the railroad transported 12 million tons of goods more, or 4 percent, and came up with a 1.8 billion ton/km higher performance. Inland navigation transported 1 million tons of goods more, equal to 10 percent. Its performance grew by 6.9 percent, or 59 million ton/km.

In public motor vehicle transport domestically, the freight volume was reduced by 3.9 percent and the freight transport performance by 11.2 percent in 1984, compared with 1983. The plant traffic motor vehicle reduction rate came to a volume of 5.1 percent and a performance of 7.6 percent.

These significant results are mainly due to the optimization of delivery and transport relations. That obviated the need for a total of 8.4 billion ton/km in freight transport services between 1981 and 1984.

A large share in this have had, e.g., the broad application of the model solution, "Transport-Optimal Machine Tool Combine '7 October' Berlin" and the Cottbus Railroad Management initiatives for rationalizing territorial transportation. Following model solutions of the kreises of Aue, Sondershausen and Hoyerswerda, a broad initiative was triggered for comprehensive territorial rationalization.

Railroad and inland navigation have set many premises for the shifting from road freight traffic in the last 4 years.

Altogether, the railroad took 30 million tons of goods away from road traffic, inland navigation, more than 4 million tons. This successful development also was helped by reopening 39 junctures and expanding the possibilities for using another 39 junctures with the railroad network, the taking on or reopening 279 junctures, and the creation of 16 more junctures with inland navigation.

Container transport was increased significantly. Compared with 1980, railroad freight with containers rose by almost 60 percent, in public motor vehicle transport, by circa 50 percent.

An important part in reducing the specific transportation expenditures is due to the improvement of transport planning and its close linkage with production planning, based on transport parameters and normatives.

An important prerequisite for the high efficiency of the railroad came from the speed-up in the electrification of railway lines, a total of 634 km between 1981 and 1984, 253 km of them in 1984 alone. The proportion of railroad electric traction rose from 20 percent in 1980 to circa 33 percent in 1984.

In 1984, 4.2 billion tickets were sold for persons traveling in commuting, students' commuting and travel, 11.4 million passengers per calendar day. In terms of the statistical average, each GDR citizen goes 8.7 km daily by public transportation. Transportation requirements rose in 1984 by 3.8 percent over 1980.

Positive results in improving passenger traffic mainly came from connecting the Berlin-Schoeneweide and Berlin-Lichtenberg railroad stations with the electrical railroad network, from extending the S-Bahn to Hohenschoenhausen, one-track for the time being, and more of an application of modern baggage check facilities with the help of microcomputer technology.

This is the opportunity to thank all working people in the transportation system and our cooperation partners for their outstanding achievements in socialist competition in honor of the 35th anniversary of the founding of our state.

[Question] 1985 will become an eventful year. What are the competition goals the working people in transportation have adopted in preparation for the 11th SED Congress? How, in other words, is transportation set for 1985 and the first months of 1986, which are likely, are they not, to make higher demands on performance?

[Answer] The tasks we are facing are indeed not less. Especially for the 1984/85 fall and winter schedule great efforts have been required to cope with the services needed, especially from the railway.

Through the "freight car campaign action" we are tapping additional shipping space for the growing building material shipments and extra shipments of coal and export goods.

In the fourth quarter of 1984 the railroad increased its performance by 10 percent over the comparable period last year. That called for a daily shipping capacity of 900 kt. That means 100 freight trains more each day, 30 of them for coal. These high achievements must be the yardstick for 1985.

Through socialist competition in preparation for the 11th SED Congress, we are making every effort to meet the requirements placed on transportation at all times and under any conditions at a high quality. Under the slogan, "High achievements for the good of the people and for peace--toward the 11th SED Congress," the initiatives of the working people in transportation are aimed at effectively supporting the all-round stable and dynamic development of the GDR as ongoing.

For our work, I see, particularly, the following priorities:

First, the comprehensive use of all available intellectual and material potentials for achieving high scientific and technological accomplishments increasing in their economic and social efficacy, second, a performance development for transportation, proper as to demands, with the consumption of material, raw materials and energy reduced, third, improving the quality of transport, construction and repair processes, and fourth, reducing prime costs.

Additional important steps are taken in 1985 in intensifying the reproduction process in transportation.

Specific transport expenditures are to drop for at least another 5 percent in 1985. Thereby we will be able to surpass the five-year plan target of reducing transport expenditures by 20 percent.

Prerequisite to it is exemplary work by the working people in transportation and always ensuring qualities, order, discipline and safety.

Transportation must continue to be a reliable partner in our economy. The grown material-technical base, especially the greater capacity of the collectives, will guarantee that those tasks are solved with success.

I consider the high competition targets for 1985 and up to the 11th SED Congress a concrete response by our working people to the ninth SED Central Committee session resolutions.

[Question] Financial and material funds are being allocated more concentratedly for the rationalization of transport and transshipment processes year after year. Where in this area are the priorities this year?

[Answer] Financial and material funds are also allocated in 1985 with the purpose to carry through still more effectively the energy economy division of labor in domestic freight shipments and improve to that end the efficiency of the railroad network, ensure a high availability of freight cars, containers, palettes and self-propelled cars, and use more microelectronics and robot technology.

By far the largest share of investments available to transportation is used for rationalization investments and the modernization of available basic assets. An absolute priority there also in 1985 is speeding up railroad electrification. In domestic navigation, port installations and the waterway network are gradually being adapted to the new requirements.

To cope with the growing demands in foreign trade and services export, large means also are allocated for improving the efficiency of ocean-going shipments, especially in the ports.

Not last, abundant means are being used for transportation construction projects in the capital and the opening up of new housing construction areas in other GDR cities.

[Question] What consequences are derived for the long-term development of transportation from the refinement conceptions of the economic branches, and does transportation itself have such a refinement conception?

[Answer] This question is of extraordinary importance for the long-term development of transportation, proper as to its capacity. In 1984, the GDR introduced essential steps to work out basic strategic developmental trends for the structure of the economy. They go up to 1990 and even further, to 2000.

A further increase in the production of our own raw materials and their most enhanced refinement has been tackled with great rigor.

In close connection with the preparation of the 1985 national economic plan and the further work on the basic developmental trends till 1990, refinement conceptions have been worked out in the economic sectors for the 1985-1990 period. They indicate how the performance growth is to be achieved by way of comprehensive intensification. They are a concrete expression of our using our proven economic strategy in each economic branch and combine.

As our economic strategy requires always to proceed from the overall cycle of intensive extended reproduction when solving any of our economic tasks, the work with refinement conceptions could not be confined to the sectors of material production.

Proceeding from the growing importance of transportation as a productivity and growth factor and its social function in socialist society, we also worked out some more important steps in transportation toward the complete transition to comprehensive intensification in shipping, transshipment and production processes.

That is part of our refinement conception. Its basis are those strategic qualitative directions for the development of our economy that were explained by Comrade Erich Honecker, general secretary of the SED Central Committee, at the 7th Central Committee session. That amounts to a comprehensive use of our domestic resources in energy sources and raw materials, speeding up the development of microelectronics, important qualitative changes in machine building, and increasing production of more high-grade finished products, especially consumer goods at home and the foreign trade markets.

Obviously, such strategic development directions for our economic structure have considerable implications for transportation.

For one thing, we must accommodate ourselves fast to the altered requirements. I refer here to the increasing volumes in the shipment of domestic raw materials and energy sources and high-grade commodities, together with important changes in the performance structure, the higher demands made on the quality of shipments and the need for perfecting existing and develop new transport technologies.

Furthermore, transportation has the job to refine its own production. That relates not only to our own material production, such as construction and repair processes, but mainly to the shipment of goods and to conveying our passengers in commuting, pupils' commuting and travel.

Here the broad application of microcomputer technology gives us new opportunities for rationalizing information and handling processes in shipment and transshipment and for the construction, repair and industrial production in transportation.

We have staked out our refining conception for all these tasks. They form the basis for drawing up the 1986-1990 five-year plan and the national economic plans for each individual year.

Our further work in our refining conception is concentrated in two directions: First, the high objectives contained in the transportation conception must be taken over into the conceptions of the transportation branches and bezirk councils and applied by concrete measures in the combines and enterprises and, furthermore, we are engaged in surveys, taking us further in accelerating the anticipated rate for efficiency improvements.

[Question] Last year there were also important tasks in transportation for improving management, planning and economic cost accounting. How were those tasks accomplished, and which are on the agenda this year?

[Answer] All tasks in perfecting management, planning and economic cost accounting were aimed at economizing the preformance development in transportation. It set important premises for becoming still more effective in the effort at improving the cost/benefit ratio.

An important step here was the further development of central state planning and balancing. Economic rules went into effect at the start of 1984 providing for sanctions for exceeding transportation parameters and for effectively stimulating a division of labor among the traffic carriers that saves energy through the non-plannable long-distance and intra-plant traffic with additional charges for long-distance road transports.

A normative transport planning was introduced this year as the basis for the plan after having been successfully tested in five transport-intensive sectors of the economy so as to always better combine production with transport planning. Thereby, all economic sectors prepare transport normatives as parameters for socially necessary transportation expenditures.

These transport normatives will help us in the future in determining the necessary magnitude of the transport parameters.

Further measures for a more efficient handling of management organization in transportation also became effective in 1984. Their aim is to improve management activity in such a way that economic processes are made more purposeful and effective through sound scientific and practically relevant decisions and their effective enforcement.

The management of the VE Combine Binnenschiffahrt und Wasserstrassen [Inland Navigation and Waterways] was converted to the proven parent-plant principle. It made possible having the general director of the combine manage the VEB Binnenreederei [Inland Shipping Company] as the parent enterprise directly.

What mattered mainly in the VE Combine DEUTRANS, the VE Combine Seeverkehr und Hafenwirtschaft [Ocean Traffic and Port Management] and in the VEB travel bureau was an improved management for the main processes.

The enterprises, subsidiaries and branches of the VE Combine DEUTRANS were re-aligned in such a way that through close cooperation with the relevant sectors of foreign trade and the transportation enterprises, the preparation and implementation of foreign trade shipments can be ensured in accordance with concrete market requirements and at prices and terms that are favorable in terms of foreign exchange revenue.

This year we are purposefully carrying on the perfection of management, planning and economic cost accounting on the basis of the February 1983 resolution.

To improve the work with transport parameters, economic enterprises introduce transport accounts and the transportation enterprises and services, analogous customer accounts. Transport services resorted to are to be posted on these accounts daily to ensure a stronger influence on reducing transport requirements to the necessary social extent.

Great tasks arise in transportation from perfecting management, planning and economic cost accounting in investments and basic assets reproduction, as necessary in the new stage of the implementation of the strategic strategy. We must comprehensively make effective the abundant basic assets in transportation in intensification. For that reason, modernization is going to be the main form of basic assets reproduction.

We shall do much for it this year. The idea is to improve further the project-specific planning, preparation and placing of investments as the centerpiece of central investment planning.



[Question] Travel and commuting to and from jobs and schools are high-rank types of transportation services. What is happening in this field this year, and what about punctuality?

[Answer] We find our responsibility to our socialist society in conforming still more rationally and better to our citizens' growing needs for commuting and travel and tourism as far as the overall performance is concerned, which includes information, checkout, transport and care. That holds true for municipal short-distance traffic, public motor vehicle transportation and the railroad as much as for INTERFLUG, the GDR travel bureau and MITROPA.

Our population has every good reason to expect much improvement over 1984 in punctuality, cleanliness and information, and this according to what passengers want, not on the basis of intra-enterprise percentage analyses.

That mainly makes better quality the focus of our work if we want to live up to our social responsibility to our society.

We must always realize that transportation, through making passenger traffic run in time, exercises considerable influence on the rational use of our social labor capacity or the working people's available leisure time fund.

For the railroad therefore we shall extensively generalize the good experiences with a technology-related accounting for quality in travel. The emphasis is here also on punctuality, which must be further improved because we are altogether not yet satisfied with it.

We are purposively carrying on the broad use of modern checkout techniques, and great efforts are being made to improve the cleaning, inside and outside, of tractors.

New busses and modern Tatra trams are mainly used in the capital, and for the railroad 215 tractors produced by Raw Halberstadt are, among other things, to be made available.

Along with the requirements for improving the quality and attractiveness of what we have to offer--the priority being the improvement of suburban traffic in the capital with connections reaching the bezirks of our republic--we have to meet fully additional performance requirements in 1985. They stem mainly from the resolutions passed by our party and state leadership on speeding up the housing construction program, the further development of the capital and accelerating tourism.

To convey construction workers who from all parts of our republic come to work in the capital, we have scheduled 11 additional trains that must be driven securely and punctually during the highly congested Berlin junction and on the main tracks.

Berlin-Dresden-Berlin will get a new city express.

By completing the electrification of the Berlin-Rostock line, trains gain up to 45 minutes of travel time there. For other segments, especially also for passenger train connections, surveys are in process on reducing travel time, with special attention also to connections and transfers.

All in all, an important step will be taken in 1985 in improving the quality of passenger transportation; and we also have initiated measures to bring motor vehicle maintenance more into line with increasing public demands.

[Question] This year we will celebrate the 40th anniversary of the victory over Hitler fascism and the liberation of the German people. Close relations of friendship and mutual collaboration link us with the Soviet Union. Can you indicate how these close relations are reflected in transportation?

[Answer] Rapid advances in the development of foreign trade relations between the GDR and the USSR and the other CEMA countries and increasing international cooperation, specialization and division of labor within the framework of socialist economic integration call for a continual extension of international transportation connections.

A new stage in this cooperation was initiated by the economic summit of the CEMA countries in June 1984 in Moscow.

The long-term GDR-USSR cooperation program in the field of science, technology and production up to 2000, signed on 6 October 1984 by Erich Honecker, general secretary of the SED Central Committee, and USSR Foreign Minister Andrei Gromyko, member of the CPSU Central Committee Politburo, will tie up the GDR-USSR fraternal alliance still more closely and speed up the production intensification on behalf of strengthening socialism and elevating our peoples' standard of living.

That gives GDR transportation a still larger and more diversified spectrum of tasks.

The joint coordinated measures on the development of transportation connections and greater efficiency are being carried out with the greatest consistency. I am thinking here of ocean navigation, i.e. of the Friendship Bridge, the railway connection Friendship Line, and the long-term development of the road networks.

That goal is served by setting up a ferry between Mukran and Klaipeda, an efficient and stable bridge between the GDR and the USSR that saves energy and does not cost much, and the prerequisites for which are being laid according to plan.

5885

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POLAND

MINISTER DISCUSSES AGRICULTURAL SITUATION, POLICY

Warsaw GROMADA-ROLNIK POLSKI in Polish 15 Jan 85 p 3

[Address by the minister of agriculture and food economy at the National Congress of GROMADA-ROLNIK POLSKI Correspondents]

[Text] Honored Correspondents! Invited Guests!

Today you will participate in a very fine tradition of national gatherings, a tradition which for some length of time unfortunately was neglected. Most importantly it is thanks to you and your convictions regarding the need for such a meeting that it could have taken place, and surely it is indicative of another one in the future.

The farm policy, whose program was compiled at the Ninth Congress and ratified by joint resolutions of the 11th Plenum of the Central Committee of the PZPR and the Supreme Committee of the ZSL, has been accepted by the farmers. Proof of this are their production and capital investment reactions and the vocational and social activity of the village. One can judge that the social activity is consistently greater and that production activity demonstrates an almost 4.5 percent gain in overall production for 1984 as compared with 1983. It was 3.5 percent higher in 1983 than in 1982, and in 1982 it was higher than in 1981.

Obviously one might comment that weather conditions were favorable. This cannot be disregarded, but after all, the weather is quite frequently favorable to farming and farmers produced barely 30 quintals of grain per hectare in 1984. One newspaper referred to this incident as snail's pace progress in the production of grain. I think that this is undue castigation of Polish agriculture. Now this is not a snail's pace but a nimble step toward a goal which has been reached earlier by neighboring countries.

If one concurs with the Pushkarov Institute in Sofia that Poland's agro-climatic conditions are weaker than those in the GDR, Czechoslovakia and even more so than those in the People's Republic of Hungary and Bulgaria, then taking into consideration this difference, one must say that the progress we are observing is significant and distinct. Obviously, however, the requirements are decidedly greater. In spite of the fact that we harvested approximately 24.5 million tons of grain in 1984 and for the first

time in history, we shall purchase from our own Polish fields 2 million tons of wheat; we must still import 2 million tons because a minimum of 4 million tons of wheat are required for consumption. This is a scale which provides a very useful proposal for the subject as to where we should commit efforts and what endeavors we should undertake to attain self-sufficiency in the area of food.

One cannot fully share those opinions which proclaim that the principles of profitability are not observed in farming. For whom is it unprofitable to produce? It is not profitable on a backward farm; it is not profitable on a decaying and small farm where 2 hectares are subdivided into 40 parcels. I have before me a poll conducted by the Public Opinion Research Center. It provides the most recent data furnished by a substantial segment of the respondent population. The results of this poll are characteristic (see page 9) in which, among other things, the question has been raised: does your farm possess the possibility for increased income? And so, only 36 percent of the farmers, whose farms fall into the 0.5 to 2 hectare bracket, replied that they possess the possibility for increasing income. But already 52 percent of the respondents from farms in the 2 to 7 hectare bracket gave such a response; almost 65 percent of the respondents in the 7 to 15 hectare bracket and 70 percent in the bracket of more than 15 hectares see the possibility for growth in farm return.

A second study concerned the relationship of production results with the level of farmers' knowledge and expertise. Such relationships confirm not only studies of the effectiveness of education, but likewise the poll referred to and the results of public opinion surveys. If we admit that there is relatively most neglect for education in the village on the elementary school level and in the extraschool forms of agricultural education, that there is the smallest number of people with documented agricultural qualifications there, then this is a diagnosis which reflects a barrier to the intensification of production.

Production costs in agriculture are rising--this is a statistical and social fact. Taking that into consideration, we have been conducting a reliable accounting of the rise in costs and the level of profitability for 3 years. As a result of these studies and consistent farm policy, decisions are made regarding an increase in the price of farm produce.

The public is informed here and there in an unfair and unjust manner that it is necessary to raise food prices because we have raised acquisition costs. As a result of exceptionally sharp criticism leveled by the National Union of Agricultural Circles and Organizations and other socioprofessional organizations at such commentary and the presentation of economic procedures, it is already clearly stated today--an increase in food prices will have to take place, but its source is represented by cost increases in agriculture, induced by increases in the prices of the means of production and services as well as the higher cost in maintaining a peasant family. And this is the whole truth.

One more matter. If these costs continue to rise, and they are rising, then the acquisition prices of farm produce will have to change in turn, so that the profitability of production could be retained and the principle of parity of income of farm and nonfarm population could be fulfilled. But this is a parity that is not measured each week, each month or even each year, because parity cannot be calculated that way. It is necessary to measure parity over a period of several years. And that is how it is measured.

The next issue is the means of production. One must share your opinion that there is no abundance of the means of production, there is no equilibrium in this market. But our memory is quite good and we recall how the market for the means of production appeared in 1981. The issue of rubber boots was an issue of political significance, of prime importance, there was a shortage of basic disinfectant, washing and laundry agents as well as elementary tools.

I would not want to speak for Minister Grzywa or Minister Maciejewicz as to whether the market for these agents is adequate. However, it is necessary to be fair and say that with the efforts of the farm policy, of workers and engineers, there has been a decided improvement in providing agriculture with the means of production, and although shortages do exist the situation today appears far more favorable.

The delivery of tires and accessories for tractors, the means of transportation, are today the weakest link in the supply chain. However, one cannot speak in a childish manner regarding the reorganization of the national economy for the benefit of agriculture, for this can be done where there is a potential for reorganization. One cannot shift potential which does not exist. It must be built. That is the situation in the chemical industry, where, for example, there is practically no industry producing sufficient quantities of pesticide to satisfy the needs of modern agriculture. As a result we import 80 percent of the preparations for plant protection. The state allocates approximately 100 million dollars for this purpose each year. There will be a similar allocation in 1985. This means that it is simply necessary to build the potential of industry working for agriculture. And this is the process. Appropriate documents in this matter were presented and initially accepted by the Presidium of the Government. Detailed programs for the development of technology, chemistry and the agrofood industry have been prepared. Without this, the efforts of the farmer would actually be futile to a considerable degree.

The issue of living conditions. It is worthwhile knowing that thanks to very intensive and difficult work, accompanied by greatly strained discussion between us and representatives of the National Union of Agricultural Circles and Organizations, following nearly 2 years of work, a document was successfully prepared which was ratified by the Council of Ministers--a program for improving the social conditions of villages.

This is not a program of manna from heaven, but an honest document showing the course of the state's effort and the need of the work of farmers' self-government and of the entire rural society for the improvement of village living conditions. It is also necessary to notice the consistent

implementation of the resolution dealing with farmers' pensions and annuities, the most recent evidence of which is the hike in minimum farmers' annuities since 1 January 1985. In this way the progressive equalization of the level of pension provisions for farmers and social sector employees takes place.

Farm service is the next subject of our farm policy. What can be said about service? It is unsatisfactory. We consider it necessary to introduce into the practice of everyday life the government's position in the matter of improving the supply of equipment and its better utilization. For it is difficult for one to imagine that it would be reasonable for a farmer possessing several hectares to own a grain combine harvester. Even if he renders services to others, a statistical analysis indicates that such a combine harvester accomplishes one-fourth of that produced by a similar piece of agricultural circles cooperative [SKR] equipment. This means that in accordance with the will of the farmers themselves and for their well-being, specialized services with heavy equipment should be rendered promptly and competently by agencies formed by the will of the farmers themselves for this purpose. And that is what takes place, because if not, then the farmers themselves would decide on the elimination of the SKR. In the meantime the opposition holds true--new agricultural circle cooperatives are arising. When we studied the cost of services it became evident that in a considerable number of cases the price of private services was higher than the prices of services in the SKR.

There is no doubt that--looking at our agrarian structure, at the predominance of small farms--the system of technological service to private farms, especially those devoid of equipment, must be developed. This is likewise a form of social and political protection for the weaker and poorer farmer. It is difficult for one to imagine the poor benefitting at the expense of the rich as accepted practice in our country. This would recall to the point of illusion another period which history has erased from the map of Poland. On the other hand, the system of neighborly aid and farm cooperation requires broad support.

At length I would like to refer to the issue of land use management. It is not true that the farmers' interest in the land is diminishing. On the other hand it is true that there is no great interest in the weakest parcels of classes 6 and 6z, in economically weaker districts. We have many such regions, especially in the eastern and southern parts of the country. There also every attempt is and will be undertaken, in compliance with farm policy, to supply conditions for bringing the land under cultivation through private colonization, by creating state agricultural farms, in the most favorable form, which the self-governing and state authorities will select in a given region. So that the land might yield bread, a system of farmers' taxation, a system of exemptions--briefly stated, a whole package of economic-financial instruments--must lead in the direction of relieving those farmers who farm on the weakest tracts, in the most neglected districts, remotely located from cities.

In the economic-financial system, we handle the effect of rent differential consistently better, which is demonstrated by, among other things, the resolution concerning the farmers' tax, which anticipates practically complete exemption of the poorest soil from taxation.

Following the methods of production which have been tried in the world and tested in neighboring socialist countries, we wish to introduce on an increasingly broader scale rational technologies for producing grain, potatoes, hog herds and cattle. We felt the first effects of this work in 1984. Some of us were in Osiek, where we were summing up the 1984 grain production results. The exclusive 60 Club came into being. This is a club which every farmer who has produced 6 tons of grain per hectare on an area measuring at least 2 hectares has the right to join. It appears that we already have approximately 1,000 such farmers.

Franciszek Komasa from Aulawy produced 67 quintals of grain per hectare; the Kietrz State Farms 67 quintals per hectare on 3,600 hectares; the Lankiejmy State Farm in Olsztyn Province 86 quintals of wheat per hectare; the Sepolno State Farm in Olsztyn Province 60 quintals on 350 hectares. Wladyslaw Kuzak from Glogowek Gmina, Opele Province, produced approximately 70 quintals (4 of grain), and 76 quintals of Grit variety barley per hectare. Henryk Czaja from Klecic in Elblag Province produced 72 quintals per hectare. Czeslaw Karas from Lichnowy Gmina in Elblag Province produced 73 quintals. Actually, in every province we have a farmer who produced at least 65 quintals per hectare which has been accounted for in a reliable and approved manner.

We want to introduce modern technology for the growing of wheat and barley this year--and briefly this has to do chiefly with the protection of grain from fungus infections and weeds--on approximately one-half million hectares. Who can say--will the funds and machinery be available? They will be for such a vast undertaking. This is already guaranteed in the state plan. In 1990 we wish to apply this technology to the cultivation of grain on at least half of the available acreage. It gives--which the Hungarians confirm--at least 15 quintals more on the average per hectare, even at the present cost level, with only one differential factor--the introduction of plant protection. In the case of livestock production, we also had a champion livestock producers' contest this year. And 3.5 tons of meat per hectare, on the basis of their own fodder for the most part, is the actual volume attained by such magnificent farmers as Czeslaw Blyskorz from the province of Biala Podlaska; Aleksander Germanowicz from the gmina of Dubsz, Bialystok Province, Alojzy Biernacki from Czeluscin, Leszno Province, and many others, with a total participation in the contest of over 1,500.

And if you please let us exhibit this technology, let us exhibit the champions of labor and in this manner let us popularize that which the Polish farmer achieves under circumstances which Polish industry has created and foreign trade has attained, our entire national economy.

The constitutional legacy of the perpetuity of private farms is not a tactic--it is strategy! But the legacy does not mean the interpretation

of a farm as something economically self-sufficient. If at the thought of producing cooperatives or farmer associations someone comes down with a rash, he should not only look intently at the socialist countries which have gained tremendous progress in agriculture, but also at processes which are occurring in Western Europe, to see how the small have no reason to exist, how the productivity of labor is calculated, how the cooperation of farmers and the deriviation of benefits from cooperative services are developing, how the arrangement of fields is improved. Is Poland to be unique, and that in the broader sense?

If there is structural improvement in Poland and agrarian changes are being pursued, it is due to the will of the farmers themselves and will continue--especially at the will of the young, on various principles of voluntary cooperation, joint action, and also through the establishment of productive cooperatives. This is the course which the village itself will pursue along socialist principles of the Polish People's Republic under the conditions of our stable farm policy.

We should guard ourselves against only one thing--manipulation--and demonstrate that which is real, that which is peasant-like. It will decide after all, the productivity of labor, the conditions of survival, the volume and efficiency of farming. For that reason I suppose that we should be aware of this perspective, the perspective of the farmers themselves deciding the selection of the ways and means of farming, with their freedom of choice absolutely observed and guaranteed on the part of the farm policy. This is indeed the feeling of identity on the part of farmers and the natural treatment of those procedures in the village which bear the name of productive and sociovital progress of the rural population.

Thank you for the invitation, and on the threshold of 1985 I wish you a pen of gold, good service to the village, good health, success in farming and all the best!

9951

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POLAND

## WRAP-UP REVIEW OF 1984 ECONOMIC PERFORMANCE

Warsaw ZYCIE GOSPODARCZE in Polish No 4, 27 Jan 85 p 15

[Article by Marek Misiak: "National Economic Performance in 1984"]

[Excerpts] The December data have made the picture of 1984 economic performance still sharper than it seemed a month ago. Where we expected a slight over-fulfillment of the Central Annual Plan (CAP) targets, the actual surplus has proved higher. This is true of the growth-rate of sold production in socialized industry and corresponding indices in other sectors--especially the base production in construction/assembly enterprises. The year-end figures also confirmed the relatively good trends in farm production.

But the picture is also sharper in those areas where the CAP targets were not reached. In the productive sphere, this is reflected in various structural disproportions, and in the smaller growth of financial and physical effects compared to that of production costs. The latter problem is very acute in the field of investment. In foreign trade, too, the December performance worsened the 1984-to-1983 dynamics, as compared with the corresponding index for the 11 months.

As far as the consumer-market situation is concerned, December saw a slow-down in dynamics, compared to previous months, of both the incomes and expenditures of the population. But the level of these incomes (and expenditures, too) in the whole of 1984 was much above the CAP target. Nor could one detect in December any signs auguring progress in market balancing.

We do not yet know those December data which are released with some delay--on consumer-market deliveries, spending and effects in the investment field, socialized enterprises' financial performance and costs of production, costs of living, etc. As usual, we are going to learn more about them, and about initial official estimates of national incomes and other economic indicators, from the Central Statistical Office's report on the country's socioeconomic situation in 1984, scheduled for publication early in February.

### Industry

The high dynamics of total sold production of socialized industry is reflected in its December-on-December growth by 8.6 percent at constant prices, in comparable working time. In real working time, the figure was just 0.5 percent,

but December 1984 was two working days' shorter than December 1983. In the whole of 1984, as compared with 1983, industrial output rose (in both real and comparable working time) by 5.3 percent--2.8 percent in mining and 5.5 percent in the processing and manufacturing sector. This means that the CAP target of 4.5 percent increase in industrial production was topped by 0.8 point.

The year 1984 saw an increase in the production of most of the basic industrial products. Substantial growth was recorded in lignite, natural gas, radios, and plastics. But on the other hand, there was a drop in the production of coal-based coke, commissioned sea-going ships, phosphoric fertilizers, laundry detergents, sulfur, products of animal slaughter, and sugar. Oil processing stayed at the 1983 level.

Compared to the pre-crisis period, however, most items are still produced at a lower level. In 1979-to-1984 terms, coal was down 4.7 percent, natural gas down 17.2 percent, crude-oil processing down 17.9 percent, zinc down 15.9 percent, general-purpose passenger cars down 20.2 percent, cement down 13.1 percent, etc. Production growth (in 1984 against 1979) was recorded in lignite (up 32.2 percent), electricity (15.6 percent), electrolytic copper (10.9 percent) and sulfur (3.3 percent).

A major problem affecting socialized industry (and other sectors of the economy, too) is that the physical and financial effects are lagging behind the growth of production costs.

In this respect, the situation of individual branches of industry and enterprises is highly diversified. Many enterprises, and even whole branches, with relatively favorable financial-performance indicators report unimpressive expansion, as reflected in the dynamics of sales value. On the other hand, poor financial performance is sometimes accompanied by vast expansion. This is a problem requiring thorough analysis.

#### Construction and Investment

The base production of construction/assembly enterprises increased December-on-December at a relatively high rate of 11.3 percent in comparable working time. (In real working time, the growth was by 1.2 percent.) So it is now estimated that the actual 1984-on-1983 growth-rate was 6.9 percent, instead of the zero-growth provided for in the plan.

This is mainly a result of higher-than-planned level of investment spending. In January-November 1984 it increased by 12.5 percent (on the same period of 1983), which compares with the 8.1 percent drop provided for in the Central Annual Plan. Investment spending on construction/assembly operations increased in that period by 10.3 percent, while spending on purchases of equipment rose by 16 percent.

The overall value of investment projects handed over for use in the socialized sector of the economy in January-November 1984 amounted to just Z1 342.2 billion, or 76.8 percent of projects planned for completion in that period, and as little as 41.9 percent of the CAP target.

On the other hand, some progress was seen late in 1984 as regards the number of dwellings handed over for use by socialized housing-construction enterprises. The December figure was 35,800 dwellings, which represented 27.5 percent of the CAP target and 25.7 percent of the actual annual performance. The figure for the whole year--139,300 new dwellings--was 2 percent higher than the 1983 level. With the CAP providing for a 5-percent drop in 1984, this represented a 7.1 percent overfulfillment of the plan target.

But the pace at which new dwellings were handed over for use was higher than that of new housing starts, which means that the number of dwellings under construction decreased.

Generally, there are no grounds for a positive assessment of last year's performance in the sector of construction and investment (which includes not only housing construction). The major part of investment spending in the productive sphere has yet to bring about the expected effects. The huge investment burden inherited from the 1970's remains unloaded, and the barrier of wear and tear and insufficient technological change is making itself felt increasingly often.

#### Agriculture

The year 1984 was the third year in a row of bumper crops, especially as regards grains, rapeseed, potato, and hay. Conditions emerged for an increase in livestock herds.

The total of 5.2 million tons of food grain (from 1984 harvests) was procured including 1.8 million tons from socialized farms and 3.4 million tons from private producers. This represented an increase on the corresponding 1983 figures--by 11 percent for agriculture as a whole, 19 percent for socialized farms, and 8 percent for private farms.

Free-market piglet prices rose in December to Zl 4,200 a tail--from Zl 4,100 in November and Zl 4,000 in October. But free-market prices of grain steadied at the previous months' level of Zl 2,300 for 100 kg (in previous years, seasonal increases of the order of 5-20 percent were observed in corresponding periods). This represented a drop by Zl 160, or 6.4 percent, from December 1983. Also, the prices of potatoes dropped December-to-December by Zl 60 (per 100 kg), or 5.5 percent.

Livestock procurement (in terms of carcass meat) increased by 7.4 percent December-on-December. In 1984-on-1983 terms, the increase was by 0.1 percent, against the planned decline by 7 percent. So the plan target is estimated to have been topped by 7.2 percent, which however is still 33 percent below the 1979 level.

Procurement of beef and veal cattle in 1984 was 6.2 percent above the 1983 figure--but still 12.1 percent below the level of 1979. Hog procurement dropped by 10.5 percent in 1984 compared to 1983, but in December-on-December terms was 17.4 percent higher, which testifies to a tendency to grow. Compared to 1979, however, hog procurement was still lower by 41.2 percent. Poultry procurement

increased in 1984 by 56.3 percent on 1983, but was 47.1 percent below the 1979 level. Milk procurement increased both as compared to 1983 and 1979--by 7.3 and 15.2 percent, respectively--and was 8.5 percent higher than the CAP target. Egg procurement dropped 4.5 percent from the 1983 level, was 17.4 percent lower than in 1979, and 4.8 percent lower than the CAP target for 1984.

So 1984 was a relatively good year for agriculture. State-farm contracts for livestock delivery in the first quarter of 1985 also testify to a tendency to stabilize. This, however, should not be taken to mean that agricultural problems may be approached more lightly this year. Grain harvests cannot be guessed at present, and it is not inconceivable that the sequence of good harvests may be broken with one or two lean years. We should be prepared for this. Besides, even with bumper crops this year, attention should be focused on the fullest possible utilization of the produce, which, as is known, not always proceeds smoothly.

### Foreign Trade

In trade with payments zone I [settlements in non-convertible currencies], initial estimates put the 1984-on-1983 growth of export earnings, counted in transferrable rubles, at 9 percent. In terms of zlotys, the earnings rose 14.4 percent, but this figure was influenced by the 4.9 percent devaluation of the zloty against the ruble. In the light of these data, the plan target for non-convertible exports was topped by 2 percent. Import expenditures (in transferable rubles) increased 9.4 percent, as a result of which the plan target was underfulfilled by 1.7 percent. The trade deficit with payments zone I in 1984 reached Zl 43 billion (around TR 0.6 billion).

In trade with payments zone II [settlements in convertible currencies], the 1984 export earnings (in U.S. dollars) increased 3.4 percent in 1983. In terms of zlotys, the increase was by 28.3 percent, but in the discussed period the zloty was devalued against the dollar by 24.1 percent. So, the initial estimates put the underfulfillment of the plan target for hard-currency exports at 4.2 percent. Expenditures for hard-currency imports (counted in dollars) increased by 2.6 percent in annual terms. Here, too, the actual figure was lower than the plan target counted in dollars--by 1.7 percent--but the scope of underfulfillment was smaller compared to that on the export side (the spread of 2.5 points). As a result, the 1984 surplus in hard-currency trade is estimated at Zl 192 billion (around \$1.7 billion).

Poland's terms of trade with both payments zones in 1984 are initially estimated as unfavorable--reaching 99.0 and 98.1 with, respectively, payments zones I and II.

The major problem is that the CAP export targets for 1984 were not met--exclusively as a result of too low sales to payments zone II. This is not a new problem and it was signalled before. The main factor behind it is that the level of manufacturing exports, and especially engineering exports, was lower than planned. What should be done to avoid a similar situation this year? The problem needs a thorough analysis, the more so as the production dynamics in the engineering industry in 1984 was higher than planned--respectively, 7.6 percent and 6.7 percent (according to 11-month data). So why is it that the planned increase in the share of exports, and especially hard-currency exports, in engineering production failed to materialize?

## Consumer Market

As shown by the NBP table, the December increase in the population's money incomes (compared to the same month of 1983) was a little bit slower than in previous months. But the growth-rate was still at a level much higher than the CAP target for the whole 1984. The slowdown in dynamics (as against previous months) was seen especially in social benefits and wages.

This notwithstanding, the CAP target for the population's money incomes in 1984 was topped by Zl 250 billion. The actual figure was Zl 5,128 billion while the plan target had been put at Zl 4,878 billion.

Some suppression of the dynamics of the population's money incomes in December 1984 did not result in decreased dynamics of the population's money reserves [cash + savings], since the population's money expenditures, too, were growing in December at a relatively lower pace. This was caused mainly by the lower growth-rate in expenditures for the purchase of goods. They increased by just 12.7 percent in December 1984, against the 17.1 percent growth for the fourth quarter and 20.3 percent for the whole 1984 (all figures are against the same periods of 1983).

Throughout 1984, the population's money expenditures reached Zl 4,843 billion, and were, naturally, higher than the CAP target (Zl 4,627 billion). With the excess over the plan figure lower on the side of expenditures (Zl 216 billion) than incomes (Zl 250 billion), the growth in the population's money reserves was higher than planned--Zl 285 billion and Zl 250 billion, respectively.

The slowdown in expenditures growth-rate in December was no doubt influenced by the still substantial shortages of consumer supplies. It is true that the total value of retail inventories increased, but the structure of consumer goods supplies and the structures of retail inventories are still preventing a tangible improvement in the deeply imbalanced market.

This is the area where the underfulfillment of economic plans (i.e., the National Socioeconomic Plan for 1983-1985 and the Central Annual Plan for 1984) hits the population most. The question of what should be done in order to improve the situation is of crucial importance both in analyzing the 1984 performance and in drawing the relevant conclusions for the near, and more distant, future.

Specification	1983				1984				The same period of 1983=100			
	The same period of 1982=100				absolute figures							
	Dec. 2	Jan. 3	Feb. 4	Oct. 5	Nov. 6	Jan. 7	Dec. 8	Nov. 9	Dec. 10	Jan. 11		
1												
I N D U S T R Y												
Sold production of socialized industry (at 1982 producer prices): in billion zloty	100.4	106.4		666.6	650.4	641.9	7,642.0	109.7	103.8	100.5	105.3	
Average employment in socialized industry, in thousand	99.3	99.0	4,415.0	4,413.0	4,413.0	4,406.1		99.3	99.4	99.2	99.4	
Sold production per employee of socialized industry, in thousand zloty	101.1	107.5	151.0	147.4	145.0	1,718.0		110.5	104.4	101.3	105.9	
Average monthly wage in socialized industry, in zloty	103.5	127.5	19,004	20,743	25,906	18,974		116.4	115.3	113.5	119.0	
Production of selected commodities:												
- coal, in million tons	104.1	100.9	16.9	15.7	14.5	191.6		104.9	101.2	89.9	100.3	
- electricity, in million kWh	106.9	107.0	11.6	12.3	12.9	134.8		104.3	102.3	100.9	107.1	
- crude steel, in thousand tons	107.2	109.7	1,404.6	1,266.0	1,343.4	16,532.6		98.0	93.8	96.4	101.9	
- farm tractors, in thousand pcs	103.0	104.7	5.5	5.1	4.6	58.5		119.4	102.6	98.0	105.4	
- passenger cars in thousand pcs	104.1	118.3	26.7	27.0	23.7	279.1		104.9	107.0	95.1	103.6	
- household washing machines and electric spin-driers, in thousand pcs	109.2	112.9	63.0	67.5	48.5	730.2		104.9	102.9	79.9	103.4	

	1	2	3	4	5	6	7	8	9	10	11
- TV sets, in thousand pos		79.3	98.4	67.0	57.3	56.5	587.4	133.9	119.2	113.9	103.3
- nitric fertilizers, in terms of N <sub>2</sub> , in thousand tons		90.8	103.4	110.0	107.3	109.4	1,369.2	97.1	95.5	102.0	102.1
- plastics, in thousand tons		102.6	116.5	55.7	55.7	46.3	592.7	122.8	142.6	104.7	110.7
- cement, in thousand tons		91.2	100.3	1,346.5	1,328.9	1,320.1	16,659.7	100.9	103.9	110.9	103.1
- footwear (without rubber-soles), in million pairs		109.1	109.7	13.5	13.0	10.8	146.7	108.1	101.1	87.2	103.7
CONSTRUCTION											
Base production of socialized construction/assembly enterprises, in billion zl (at constant prices)		102.1	105.0	63.1	61.8	53.4	719.0	105.5	104.8	101.2	106.9
Average employment in socialized construction/assembly enterprises, in thousand persons		100.4	98.9	916.0	920.5	921.3	917.9	99.7	100.0	100.0	130.5
Base production per employee of socialized construction/assembly enterprises, in thousand zl		101.7	106.2	68.9	67.1	63.4	783.3	105.7	104.8	101.2	106.4
Average monthly wage in socialized construction/assembly enterprises, in zl		122.7	129.9	19,015	19,874	22,005	18,417	115.6	115.9	109.5	122.5
Dwellings handed over in socialized construction, in thousands		95.1	105.2	6.8	10.9	35.8	139.3	95.7	105.4	111.1	101.7
Area of new dwellings handed over in socialized construction in thousand sq.m.		96.9	106.7	378.5	598.7	1,984.5	7,671.5	97.3	107.3	113.5	102.7

1	2	3	4	5	6	7	8	9	10	11
	A G R I C U L T U R E									
- Livestock procurement, in terms of meat, in thousand tons	80.3	93.9	154.7	156.5	142.4	1,778.8	103.3	106.1	107.4	100.1
- Milk procurement, in million liters	112.3	115.0	933.7	790.9	737.7	11,497.7	104.1	108.3	101.6	107.3
- Egg procurement, in million pcs	198.9	100.5	192.7	191.4	178.7	2,356.2	95.4	89.7	54.5	95.5
	T R A N S P O R T									
Cargo carried by socialized transport, in million tons	96.1	101.7	101.3	94.6	36.2	1,122.7	106.9	101.0	100.0	103.4
of which:										
- by rail (standard gauge)	99.4	103.2	36.0	34.4	33.4	413.3	102.8	99.5	101.8	102.7
- by road (public and industrial carriers)	94.3	100.4	56.4	52.5	45.3	606.4	110.3	102.6	97.2	103.8
Transshipment at commercial sea ports, in million tons	105.1	118.3	4.8	4.6	4.3	56.5	131.0	118.2	106.0	121.7
	F O R E I G N T R A D E									
Exports, total in billion \$ <sup>2</sup> /	102.4	111.5	108.2	125.6	156.0	1,310.0	133.2	125.1	113.8	121.5
- payments zone I	93.5	112.2	50.3	56.7	70.6	604.3	126.3	110.7	108.4	114.4
- payments zone II	106.3	100.3	57.4	68.9	85.4	705.7	140.0	140.2	118.7	123.3
Imports, total in billion \$ <sup>2</sup> /	106.6	111.7	99.3	113.9	129.2	1,161.0	131.7	118.3	100.4	119.4
- payments zone I	104.7	111.7	57.5	60.0	69.0	647.0	129.2	101.1	98.6	114.7
- payments zone II	108.9	111.6	41.3	53.9	60.2	514.0	135.2	146.1	102.6	125.9



1	2	3	4	5	6	7	8	9	10	11
CONSUMER MARKET SITUATION										
Population's money incomes, in billion Zl	113.2	124.7	472.3	486.2	486.2	5,128.0	122.7	119.1	113.3	120.0
Population's money expenditures in billion Zl	123.3	131.3	443.3	445.4	469.5	4,843.2	125.8	117.5	114.3	121.3
Retail sales (at current prices), in billion Zl	122.0	130.5	374.7	363.3	411.6	4,117.1	121.2	115.6	113.3	119.5

1/ including employee cost-of-living pay supplements and profit-financed pay components

2/ at current prices

Note: The data are of preliminary character, and may be changed later.

Source: Central Statistical Office (GUS)

Specification	Dec. in billion Zł	Jan. in billion Zł	Dec. The same period of 1983 = 100	Jan.-Dec. '84 /annual plan/ 1983	performance as expected /at the time of drafting '84 plan/ = 100
I. Incomes, total	486.2	5,128.0	106.2	119.6	112.6
of which:					
- wages	249.0	2,597.7	101.5	119.4	116.8
- social benefits	75.0	886.1	105.8	117.5	114.2
- credits received	15.5	177.5	116.7	119.0	127.6
- earnings from sale of farm produce	71.0	800.2	106.7	111.8	119.5
II. Expenditures, total	469.5	4,843.2	105.8	121.3	114.9
of which:					
- purchase of goods	386.3	3,903.8	104.8	120.2	112.7
- purchase of services	47.9	539.3	104.8	121.3	118.3
- taxes and fees	13.4	179.2	133.7	146.8	121.6
- credits repaid	11.3	100.9	121.6	128.8	129.9
III. Changes in the state of population's money reserves	16.7	284.8	113.9	97.0	674.9
of which:					
- saving deposits	39.6	184.1	141.6	94.5	98.7
- cash	-22.9	100.7	84.0	101.9	x

Note: The data are of preliminary nature, based on summary reporting and estimates.  
Source: National Bank of Poland /NBP/.

POLAND

## ACTIVITIES OF METAEXPORT ENTERPRISE DISCUSSED

### Director General Comments

Warsaw RYNKI ZAGRANICZNE in Polish 6 Dec 84 p 8

[Interview with Dr Zbigniew Pawlik, director general of Metaexport, Ltd, by Stefania Parkola: "The 35th Anniversary of Metaexport: Reliability, Sales Offer, and Activity Are Needed"; date and place not specified]

[Text] [Question] Were it customary to inscribe the company's motto on the facade of its building, what, in your view, should be put over the entrance to the Metaexport office building?

[Answer] For 35 years our activities have striven to confirm our reputation as a reliable partner vis-a-vis both our foreign customers and our domestic production enterprises. This motto [dewiza] brings in foreign exchange [dewiza]--that is a pun in Polish--since thanks to such a reputation not only have we survived all the recent trouble at home and on the foreign markets, but we keep growing. With some of our contracting parties we have worked hand in hand from the very beginning of our enterprise, including the periods of breakdowns and upheavals which, after all, have abounded during the 35 years of our existence.

[Question] How has the enterprise changed over those 35 years?

[Answer] The Metaexport Foreign Trade Enterprise was set up on 31 December 1948. Our commercial offer has been shaped over many years, through close links with the electromechanical industry, with particular stress laid on machine tools, tools and equipment for metalworking. Today, in addition to this kind of product, we also sell technological gear: electromagnetic couplings, direct-current engines, matrices, hydraulic power installations, etc., coating, plating, and welding appliances, etc., as well as complete industrial installations. Our present offer reflects the fact that over the years of our development we have handed over some assortment groups to newly established enterprises, and replaced them with new assortment.

In 1949, the first year of our activity, we sold abroad products worth 8 million zlotys; it was then our total turnover, since we did not start importing until 1954. In 1968 our export amounted to 400 million zlotys,

and was doubled in the following 8 years--up to over 800 million zlotys. According to the then rate of exchange, its current value would amount to nearly 17 billion zlotys. Recent years, as you know, have brought about a fall in export to capitalist countries. Nevertheless, Metalexport's current year's export will exceed 25 billion zlotys, 70 percent of it to planned-economy countries.

[Question] It follows, then, that the major buyers of commodities offered by Metalexport are our partners in the socialist countries. Is this due to deliberate efforts to penetrate these markets?

[Answer] Despite our long-term relations and mutual trust, the trade with the socialist countries has become more difficult. By now many of them have acquired highly developed technologies of their own; the mechanical industry market has become largely sated; almost everybody has financial problems similar to ours. Hence, elaborate negotiations are necessary; above all, it behooves us to improve our salesmanship. We promote it, for instance, through technological and commercial symposia: Metalexport convenes some 14 of those each year. We also take part in at least one trade exhibition a year in each market. Often we resort to experimental promotion deliveries: their ratings then become a substantial element of the subsequent offer of larger-scale sales.

Our activity also involves assessing the demand and adapting our products accordingly. The USSR, for instance, is now developing its food program, and therefore we offer suitable spare parts as well as machines and equipment for production of tractors. There are cases of even closer cooperation, when we initiate production at home to meet the export needs. I refer here to an agreement with our Soviet partner, concerning production and sale of electromagnetic couplings and lathe shanks. The licensing and cooperation agreement with Stankoimport and Enims Institute concerning delivery to the USSR of couplings produced according to Soviet specifications has provided the rationale for extension of the Ostrzeszow plant. In 1961 we supplied 51 couplings to the USSR, but since 1975, 2 million in each 5-year period. Lathe shanks produced in Bialystok are another example. In 1975 we sold 5 million rubles' worth of them, while the 1985 agreement provides for 30 million. Such cases exemplify the so-called development of long-series production according to our buyer's needs: they ensure steady sales, provided, of course, that our products are continuously modernized.

[Question] Export to capitalist countries constitutes a large part of your sales. Recently there has been much talk about geographical reorientation, that is to say, about more aggressive export to the developing countries. Have those trends been reflected in the Metalexport activities as well?

[Answer] Yes, indeed. The recent recession in the highly developed capitalist countries has been rather damaging; we chose therefore an obvious alternative, resorting to barter agreements, clearing settlements, etc. At present over 40 percent of our sales to free-currency markets consist of export to the Third World markets, where our products are easily absorbed.

While it is true that we still lack elaborate marketing organization there, similar to the ones we have in Europe or in the United States and Canada, our agencies have been operating there, and recently we have introduced permanent technical service. We have prepared a special commodity program for buyers in those parts of the world, we have adjusted our stock offer to those markets' demands, and we are convinced it will become a permanent fixture in our export.

[Question] What about the competition, the other exporters who also hope for sales in those markets?

[Answer] We have to do there mainly with competitors from other socialist countries, as well as with fairly new producers in this field, such as Taiwan, South Korea, Brazil, and Spain. But we have to live with it, since nowadays world trade has no blank spots or no-man's-lands. One has to fight for markets everywhere, to resort to offensive salesmanship, to provide comprehensive data, to arrange for technical service, and--above all--to offer good products.

[Question] Large assortment of goods, various buyers in various economic systems--a situation like that demands flexibility in sales and a well-developed network of outlets to support the enterprise in foreign markets. It is a very essential issue, and Metalexport apparently pays it serious attention. How has this network developed over the period of the enterprise's growth?

[Answer] At the beginning we based our sales organization on foreign agents. After 1963 we set up first representatives of our own--agencies--in the capitalist markets. At present, following subsequent changes, we maintain our offices in all the European socialist countries, technical and trade representatives in Egypt, Finland, and Iran, trade agencies in Turkey, India, Thailand, and Mexico, technical representatives in Greece, Denmark, Norway, and Australia. Prior to 1970 we set up promotion offices in Beirut, Cairo, and Athens as well.

Thus, the 1960's were the most consequential period for setting up a sales network, for approaching our customers, and for improved service. It bore fruits in form a nearly fivefold increase of export in 1970, compared to 1961. Also in those years we set up our first joint companies, Italmex and Metalexfrance. The real expansion of this form of sales took place in the 1970's, when no less than seven such enterprises were established in all the major capitalist markets; we acquired shares in THM DAL companies as well. In 1974, for instance, sales to countries where joint companies operated amounted to 45 percent of our total machine-tools export; in 1980, subsequent to the establishment of those companies, it went up to 63 percent.

It is well known that in recent years these companies underwent a crisis. Consequently we have voluntarily dissolved four out of eight companies. But we count on those which have survived and continue to operate under new programs, having adapted to the existing sales capacities. We sell products of our electromechanical industry, but we admit other foreign

trade companies as well, out of the conviction that a multitrade enterprise has more operational flexibility, and therefore has better chances to survive a crisis. We have also introduced various methods of accounting--direct sales, commission, compensation... To sum up, we keep improving our sales organization, paying special attention to a proper ratio of costs to effects and to the scale of sales. The existing network is our major asset, because its establishment has been difficult and took a long time, but today, because of our limited financial means, it would have been virtually impossible. Our foreign relations have been fruitful also as far as domestic contractors are concerned, since many productive plants, even after acquiring export licenses of their own and having branched out of our enterprise, continue, nonetheless, to use our sales network for a fee.

[Question] I think that a good sales network is also important as a source of information needed for adapting the assortment and the products themselves to the market's demands. How does Metalexport use this input to modernize its offer? And to take it a step further--how does your enterprise prescribe what products are being turned out by your suppliers?

[Answer] Our sales outlets, the joint companies above all, are our main source of information about the technical and marketing changes in the markets served by them. Second only in importance is, in my opinion, our participation in the trade exhibition and fairs, and lately also in the symposia. Market reconnaissance is also facilitated by the fact that we are importers too. About one-half of our turnover derives from import, half of that in turn comes from capitalist countries. The imported product itself is the best conveyor of information. In addition, we collect and impart technical information in form of analyses and conclusions. We have recently prepared a study on "The Export Situation and the Competitive Level of Products," listing the favorable trends in the production development, the needs of our foreign markets, and the sales potential. We also provide the producers with regular product modernization programs.

Nor do we rest content with programs only. We have gained major influence on the products thanks to our cooperation with capitalist enterprises. This form of joint venture reached its peak in the late 1970's, when we had 34 long-term cooperation agreements in various assortment groups. At present, despite all the difficulties, we intend to reconstruct those links, and subsequently to develop them. Our agreement with the West German Waldrich Coburg company is a case in point; within its framework we have initiated cooperation in turning out large numerically steered milling machines.

We would also like to influence the productive process through, inter alia, capital investment in pro-export projects. Specifically, we would like to share in financing purely pro-export investment projects in the Poreba heavy machine-tools factory. Such machine tools have been our traditional stock in trade, and sell well abroad. We believe, therefore, that it is going to be a profitable venture.

[Question] You mentioned import, which since its 1954 beginning has often exceeded export. From the point of view of import, then, how do you rate

the place and the importance of Metalexport in the process of modernization and development of the Polish industry?

[Answer] The figures are eloquent enough. From 1960 to 1983 Metalexport imported, on behalf of our domestic industry, machines and equipment worth 1.9 billion rubles and \$1.3 billion. Our enterprise served over 6,000 home investors. We have provided, inter alia, complete equipment for many key investment projects, such as rolling bearing plants, the Stalowa Wola steel mill, the Ursus machine factory, the Zeran car factory and the compact car factory in Beilsko-Biala. Import recently went down, but it still plays a considerable role. At present, for instance, we are importing equipment for the Ursus factory.

[Question] For 2 years now Metalexport has operated under a new cloak, as a limited company. How does this affect its operation?

[Answer] A major advantage of such an organizational structure is its flexibility. We have 54 shareholders and over 80 contracts with other enterprises. Thus we do not confine ourselves to serving the shareholders only, and we are glad to welcome new partners. For those 2 years our shareholders have become familiar with our foreign trade problems. For us that has been of utmost importance. Partnership literally imposes the need to understand the conditions under which partners operate. Shareholders obviously influence our activities. I believe we, too, have something more to offer them, in addition to the dividend. While the earlier period can be described as the stage of adaptation and working out cooperation forms, today we would like to go one step further. I have in mind the previously mentioned pro-export investment projects.

[Question] To go back to foreign markets, do you believe that the growing prosperity in the electromechanical industry in the West would raise our sales potential?

[Answer] There is, and probably will be, no boom, but the improvement has raised our customers' interest. We will do our best to exploit fully all those phenomena of the more favorable economic situation. Over the last 35 years this situation has had its ups and downs, and I can assure you from our own experience that Metalexport's strong point is its ability to adjust quickly to circumstances. Trading in the electromechanical branch is difficult. The growing global rate of technical progress, the political, economic, and other conditions--all constitute the so-called objective difficulties. But we have to overcome them, we have to sell--that is what our work is all about.

#### Foreign Customers Speak

Warsaw RYNKI ZAGRANICZNE in Polish 6 Dec 84 p 4

[Interview with Metalexport customers, by Stefania Parkola: "The 35th Anniversary of Metalexport: Partners Talk About Their Relations With Poland"; date and place not specified]

[Text] To mark the anniversary of Metalexport, we have asked the traditional contracting parties of the enterprise about their relations with our country. Some of their opinions follow.

Neno Mitev, director general, Machinoeksport, People's Republic of Bulgaria (Bulgaria, next to the USSR, is among socialist countries the second biggest partner of Metalexport).

--Metalexport and Machinoeksport belong, if I may say so, to the same age group, since the two enterprises first established relations shortly after the war, as newly founded companies. Metalworking machine tools have been, and still are, the most important items in our mutual trade. We sell to Poland, for instance, turning lathes, milling machines, drills, presses, and other machine industry products, and in return we buy heavy machine tools, multispindle automatic lathes, presses, and other ductile working machines, in other words, machine tools not made in Bulgaria. In my opinion, we have achieved good results in this area. At present Metalexport is--after Moscow's Stankoimport--our second biggest partner as far as turnover is concerned, both in export and in import. I would like to point out that we have great trust in Metalexport as an honest and reliable partner; accordingly, our bilateral exchange grows from year to year. This year, for instance, the turnover will be 30 percent higher than last year, and I believe that the coming year's increase will be even greater. I have grounds to expect that in the 1986-90 period we will achieve a rate of annual turnover increase between 10 and 15 percent.

The rules of the game between partners predetermine the development of mutual relations. We expect such ventures as, for instance, exchange of Machinoeksport and Metalexport staffs for better acquaintance and improved collaboration. I believe that we have not yet exhausted all the possibilities for closer relations. Equally important between partners is deeper mutual knowledge of the respective output capacities.

Such a propitious starting point opens for both of us good opportunities and prospects for joint export activity in third-country markets. It can be enhanced by the fact that, as far as the assortment of exported products is concerned, we are not competitive but complementary. Generally speaking, those machine tools made in Bulgaria are not produced in Poland, at least not on a similar scale, and vice versa. Machinoeksport has recently paid major attention to the growing sales of complete, "turn-key" projects for the various branches of the mechanical industry. We have large capacities available for salesmanship, design, and consulting; we are convinced that Metalexport too has significant potential in that area. I therefore believe that closer collaboration might open up new prospects, not yet discovered. Let us openly say that our earlier progress in this area has not been satisfactory. But I think its time has come now.

Otto Waldrich, Adolf Waldrich Coburg machine tools factory, Federal Republic of Germany (export, import, and cooperation, mainly in heavy machine tools).



--At the time when we established first contacts and signed first agreements with Poland, the world economic situation seemed generally propitious. The subsequent troubles which afflicted your country brought enormous turmoil in our trade in Poland. They also affected the delivery of machines within the framework of our cooperation agreement with Metalexport. At present the situation has slowly began to clear up, it has gradually stabilized, and our export deliveries have gone up. That is very important for us, since foreign sales provide 80 percent of our turnover. Last year we bought two heavy machine tools from Poreba, each worth DM 2 million, and last August we signed a major contract with Metalexport for the delivery, over the next few years, of products worth some DM 18 million for the modernization of the Poreba factory. Those are but a few examples of cases recently settled to our mutual satisfaction. The most important thing here is the fact that our contracts are not one-time transactions but long-term agreements. This enhances our mutual trust, and allows for trade planning. We have received from Metalexport substantial help in our contacts with Polish suppliers and buyers, and as for ourselves, we would like to raise the interest in trading with Poland among our friendly partners in the Federal Republic of Germany.

The situation on the world market of machine tools remains difficult, to a major extent due to the fact that many Third World countries have developed large-scale production capacities of their own. At the same time, the demand grows much more slowly, and therefore the market dwindles. I am sure that Poland, too, is aware of this.

Parallel with the worldwide increase in production capacities in our branch, the technical progress has made a big leap forward, and not all the producers have been able to keep pace with it. A typical case in point are the metalworking centers which to a large extent have replaced the hitherto used machines. The number of producers has gone up so quickly that the world market supply is at least--I would guess--three times larger than the potential demand; at the same time most of the companies specializing in those products have not enough production capacities to be efficient. The Japanese, on the other hand, brilliantly seized the opportunity, and were the quickest to introduce the metalworking centers as well as other technical innovations in this area, and thus they have been able to dominate many markets. The West European enterprises have been too slow, and now have to catch up with the leaders; in this domain we consider the various forms of cooperation the most helpful. Time, too, is of importance, and hence our interest in maximum improvement of our foreign links, including those with Poland.

Nils-Olof Nordstrom, director, ESAB company, Sweden (the world's largest producer of welding equipment, our supplier and cooperator for many years).

--Our company was founded in 1904, this year therefore we celebrate our 80th anniversary. Together with the 35th anniversary of Metalexport, our biggest partner in Poland, it provides an opportunity for reviewing our mutual relations.

The ESAB group consists of 35 various enterprises. We are represented in 90 countries. Our relations with Poland go back to 1946. I do not intend to trace their development, let me just point out some of the most significant highlights. In 1969 we sold the Ferrum iron plant complete line for longitudinal welding. In 1973 we supplied the Slupsk Sezamor with the world's first automatic aggregate for welding ship chains; in mid-1970's this was followed by four lines for welding flat sections in Polish shipyards. Those and other contracts were crowned in 1977 by signing a 11-year cooperation agreement, which provided for production in the Beilawa Bester plant of complete welding convertors, licensed by our company. I might add that they are being marketed by the ESAB network all over the world. The ESAB Warsaw office also provides service for all the facilities we have installed in Poland.

In retrospect, our cooperation with Poland has been fruitful, even though we have recently had a slacker period. We are now looking again for an opportunity to broaden our relations, and we hope for more intense mutual trade. A major role in fulfilling such hopes will be played by our [Warsaw] office: despite the difficulties we have not closed it. The Polish market is important to us, even though the 1983 export to your country amounted to some \$3.5 million only, that is to say, to less than 1 percent of all sales by the worldwide ESAB group. We are interested not only in exports, but in imports as well. In addition to Metalexport, which accounts for some 80 percent of our trade with Poland, we maintain relations with other enterprises too. The unfavorable side of these contacts, however, concerns the compensation issue. The ESAB enterprise's trade with Poland has not been balanced countrywide: each foreign trade enterprise would like to settle on its own. That obviously leads to certain difficulties. I am convinced, however, that in time we will manage to overcome this obstacle too.

Diertich Tatje, director, Wilhelm Tatje company, West Berlin (buyer, supplier, and middleman of long standing in our trade with the Federal Republic of Germany market).

--Our company was founded in Bremen in 1929 for trading with Eastern Europe and America. After World War II we were the first to trade with the German Democratic Republic, and subsequently we extended our activities to other socialist countries, mainly to Poland and Czechoslovakia. All trading with those countries was taken over by our branch office in West Berlin, set up especially for this purpose. In 1954 we attended the International Poznan Fair for the first time, and since then we have been present there year after year.

Our activities are focused on trading in investment goods. Hence, in addition to trade experts, we employ engineers and technicians, whose duty is to advise us on, and solve, problems of cooperation with buyers and users of our equipment. Last year, having taken over the Herbert Linder company, the well-known producer of precision machine tools with which we have been linked for 20 years, we extended our production activities to this area too.

In 1983 our assessment of the present state of our relations with Poland and our forecasts for that market made us set up an office in Warsaw. Its duties will include, inter alia, promotion of Polish exports, offered mainly by Metalexport, but also by other Polish foreign trade enterprises, such as Centrozap, Varimex, Impexmetal, and Universal. In the recent years Poland has built many up-to-date industrial plants. Your country has also many raw materials available; hence, we are interested not only in exports to Poland but in imports from that market. Not every industrialized nation has similar capacities. At present, we are encountering some difficulties in our relations with Poland, mainly financial ones. We are confident, however, that with the normalization of the economic situation in your country we will return to the previous working pace, which in our view was unobjectionable. The activities you have engaged in on the domestic market make us face the future with optimism.

The links established in the previous years, with Metalexport above all, have enhanced our role as middleman in marketing the products of that enterprise abroad. Our cooperation plans include technological facilities, regarding which we intend to act jointly on third-country markets. Accepting the principle of exchange mutually profitable both to us and to our partners leads to closer collaboration. The steady technological progress, and the growing demands of the users, push both parties to deal with the emerging problems more quickly, to offer the most up-to-date and low-cost technologies, and to show greater concern for technological details. Meeting those requirements, together with acquiring new markets for our joint ventures, are our future tasks.

D. L. Shah, director Perfect Machine Tools Pvt Ltd, India (trade agent on the Indian market who plays a major role in Metalexport's exchange with Third World countries).

--We have been Metalexport's partners since 1957. At first we sold Polish woodworking machines, later we expanded into metalworking machines as well, such as grinding machines, turning lathes, vertical and horizontal drills, and heavy machine tools, as well as some kinds of tools and instruments. As our domestic mechanical industry improved its output, our government restricted the import of some types of machine tools, and we had to focus mainly on heavy equipment. That was then followed by some changes in our buying practices--the previously prevailing stock buying was gradually replaced by growing imports destined directly for the users.

For all those 27 years our relations with Polish producers were mutually profitable, and allowed Poland to stabilize her position on the Indian market as the leading supplier of high-technology machines, in particular of heavy machine tools. Polish-made machine tools are well-known in our country, since they operate in many metalworking enterprises. The existing post-sale service is regarded as satisfactory. I would also like to recall that we have bought from Metalexport substantial quantities of machine tools for Indian railway's bogies. Forty-five heavy forge hammers, made by Zygmunt steel mills, operate in forges throughout the country. The Poreba machine tool factory, whose products are technically the closest to the

West European standards, has especially good chances to step up its exports to our markets. Significantly, our industry for various reasons often prefers to buy such machines in Poland rather than in Western Europe. The main thing is to maintain price competitiveness, which--because of the recent devaluation of the rupee in relation to the dollar--is lately even harder to achieve.

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POLAND

## UNCERTAINTY OVER FUTURE OF WORKERS SELF-MANAGEMENT

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 20 Jan 85 pp 1, 4

[Article by Irena Dryll: "What Kind of Self-Management?"]

[Text] Those on the stage were curious to see what the audience would have to say, and those in the audience wondered what the presidium would tell them. The vast Congress Hall at the Sejm headquarters was crowded, and so was the stage. This two-day All-Poland Conference of Self-Management Representatives, a fourth such get-together held on 8 and 9 January, was attended by more than 350 self-management body representatives of enterprises from all over Poland as well as a dozen or so representatives of top state and party authorities. Thirty chairmen, deputy chairmen or secretaries of worker councils took the floor during the discussion, and 18 submitted their intended speeches to the minutes of the conference. Those speaking on the first day included Sejm deputy Jozef Barecki, who heads the Sejm Commission on Workers Self-Management who also presided over the conference; Stanislaw Ciosek, the minister for trade union matters (who briefed the meeting on the implementation of proposals made at the 3d conference); and Minister Wladyslaw Baka, the government's plenipotentiary for economic reform. Deputy Premiers Mieczyslaw F. Rakowski and Zbigniew Szalajda as well as PZPR Central Committee Secretary Tadeusz Porebski took the floor on the second day.

### A Hot Issue

Despite the biting frost outside, the hall was hot. The atmosphere was heated not only by radiators but also by the topic itself, which was the condition of self-management in 1985. Three years ago the Sejm passed the law on self-management, and self-management bodies exist in most of the enterprises entitled to have them. Some 130,000 people, 55,000 of them shopfloor workers, and roughly 44 percent of them aged 30-39, sit on worker councils. The "stage" now and then makes assurances about the great significance of self-management. This time, it did so too.

But noises made at grassroots level are more differentiated which means that the situation and atmosphere of work for worker councils differ significantly from case to case. This could be seen during the conference, which was given wide coverage in the press. So, instead of writing a full report on the meeting let me just point out several ideas I think deserve a mention.

The fourth conference differed from the previous ones. It was not--like the first one--an insistent call for formal existence, i.e., for the "desuspension" of workers councils following the period of martial law. It was work--like conference number two--a presentation of troubles arising in connection with elections, statutes, or with attempts to define self-management's actual place inside the enterprise. Nor was it--like the third conference--a review of cooperation or want of cooperation with directors, trade unions, the ministries or other partners. To me, the fourth conference appeared as something more than those earlier meetings. It signalled a sense of uncertainty among those concerned, who ask themselves, what kind of self-management will it be? And, under what kind of reform will it have to operate? The problem is, neither "reform" nor "self-management" are unambiguous terms. They can be used to denote things very different from those defined in the 9th PZPR Congress resolution or the subsequent pivotal laws on self-management, on enterprises, on financial management, on insolvency and others.

#### The Docile Will Be Rewarded, The Unruly Bridled

This uncertainty has many sources. One of them is that the blanket is too short, and this is true virtually of all individual factors of production. Nobody can say for sure just what it will be this year that will be sticking out from underneath the blanket--his legs alone or his backside too?

Minister Baka pointed out that 1 percent output growth will have to be achieved at only 0.3-0.4 percent increased material supplies and practically zero-level increases in labor resources or new capital. So, efficiency, better organization, and activeness remain the only possible sources of whatever output increase can be achieved. This "too short blanket" has been a complaint for a long time now. But, compared to previous years, the difference is that, as Mr Baka underlined Poland has no reserves to resort to. With reference to the shortage of production materials, the self-management body chairman from the Bielsko car factory said, "As we see it, the material-allocating agency is more important than the parent body. That agency says, you are going to get one-third of what you apply for, and as for the rest you can buy it yourself paying with your money from the export-revenue allowance account (ROD). But our hard-currency reserves should be used to improve the factory's technical quality, and not for financing current purchases."

But let us not bother about uncertainty in the area of production materials. Enterprises have learned to live with those neverending shortages and, resorting occasionally even to incredible tricks, they can manage, more or less (if you forget quality). To judge from the discussion during the conference, a much more dangerous kind of uncertainty is that about indicators and finances. First, enterprises are given only a short notice about any changes about to be introduced, and, second, the competent authorities are very arbitrary in designing binding parameters. This "tightening of the screw," which often comes unexpectedly, affects not only manufacturers' finances but also discourages self-management bodies from engaging in any major undertakings.

"They shouldn't pull a rabbit out of a hat at the last moment all the time. You never know the rules of the games exactly, you are at a loss when trying to adapt yourself to current conditions, for a great deal of information comes too late," complained Wacław Pelczyński of a Łódź building company. "Worker council members are discouraged, and they are less active than before. This is one consequence of the neverending 'improvement of instruments.' Curiously, nobody seems to be lashing out against the reform any more. This was noticed by Professor Czesław Bobrowski in his interview for ŻYCIE GOSPODARCZE. The reform can better be attacked by other methods. So, what's the use of criticizing it?"

Those "other methods" include, according to some speakers, the excessive and peculiar tightening of performance parameters. Arkadiusz Goj, the secretary of the Szczecin shipyard's worker council put it this way, "One problem that worries us is the inconsistent fiscal policy toward enterprises. On the one hand, enterprises have to pay huge income taxes along with contributions to the Labor Development Fund [PFAZ], while on the other they receive subsidies from parent bodies, and such grants are often quite arbitrary decisions. Experience shows that enterprises can ultimately turn this to their own advantage at the cost of different kinds of concessions in other areas. But then, what does this have in common with the reform? Lobbying for allowances and subsidies, 'learning' the new rules quickly, these are becoming top tasks of enterprise administrations which prefer this to concentrating themselves on improving organization or technology for a substantial improvement of their economic performance."

Another speaker, Joachim Czernek, chairman of the self-management body at the Zdżeszowice coking plant which is part of the Huta Katowice and metallurgical combine, said that a bid to make his enterprise independent, i.e., liberate it from the combine, has been stumbling over the PFAZ system. "Although we have been recording proud rates of return and relatively high profits, we have to apply for allowances and preferential terms if we want to finance cost-of-living supplements for our labor force to offset the inflation. This is easier done inside the metallurgical combine than on your own. In my view, this is tantamount to curtailing our independence and to a restoration of the command-type management model though in a slightly modified form."

As is known, allowances and preferential terms are granted mostly to enterprises with what is known as a "lot of clout." Decisions are made on the ground of noneconomic considerations arising from vested interests of individual groups. If anything, this could not possibly have been the purpose of the economic reform, could it?

Finances were also touched upon by Stanisław Baranowski of the Zambrow cotton works. Listing all taxes and national-insurance contributions he found that mean wage for the first 11 months of last year was Zł 14,421 in his factory and wondered, "Where do we get the money needed for wage increases, for the development fund, for housing and other operation costs? We as self-management body members are facing a very difficult job. We are obliged to constantly seek better product quality, greater output and higher productivity. But what can we offer the labor force in return? A monthly wage of Zł 15,000 or 16,000 satisfies hardly anyone today."

That "tightening of the screw" was also mentioned by Ryszard Wlochal, chairman of the self-management body at the Szczecin-Swinoujscie harbor facility. Last year, the harbor completed a very useful investment project of economy-wide significance. They did the job urged by "the top" and after receiving a Zl 130 million subsidy. But this year, the subsidy which was officially granted by the finance minister, was withdrawn by the very same minister. Why? Because the harbor had performed very well financially.

"I want no intervention. I just want to draw your attention to the style of decision-making and to effects this has. That decision has had a very bad effect upon self-management activists. I think that it is very easy to discourage people, to annihilate their activeness which had been so difficult to generate."

This activeness of self-management bodies is also jeopardized by some structural changes that are said to be in the making. There is nothing wrong in changes in organization or in attempts to find more efficient patterns. On the contrary--the reform should stimulate an optimization of structures. But this must always be geared to permanent and undeniable economic advantages, while economic efficiency and public approval should always be the number-one yardstick of any proposed change. However, integration bids submitted by some ministries are not based upon any calculus of effectiveness.

This matter was brought up by Andrzej Milkowski, chairman of the self-management body from the Huta Warszawa metallurgical works. He said the reform and self-management idea are threatened in their existence by a recent proposal for creating metallurgical combines. The council this speaker represented thinks this would mean in practice a resumption of patterns which were discarded in the course of the reform implementation. The council fails to see any reason--economic, social or financial--for creating this type of large structures in the metallurgical industry. The Engineering and Metallurgy Ministry proposal fails to prove the contention that if funds and foreign-currency resources are concentrated at the combine level and if enterprise directors are allowed to make all development decisions on their own, then fund allocation and redistribution will automatically become more adequate than now. To make things clear, it should be pointed out that if this proposal is endorsed then self-management bodies at enterprises will get their competences reduced to a minimum and worker councils at department level will be liquidated. In a resolution on this matter it sent to the Sejm, the worker council expresses its fear that the creation of a new management level "will destroy the emerging authentic self-management and activeness of employees."

It's Either Or

The problem of structures was also brought up by Arkadiusz Goj from Szczecin. "The recently promoted improvements of industrial organization and of organization structures in the national economy begin to be gradually implemented, as supervisory councils and industrial combines are created. Particularly active in this respect are mandatory associations which, for reasons we fail to understand, are stubbornly trying to restore the state of things from before the reform."



To substantiate his charge the speaker mentioned the proposal to create combines also in the shipbuilding industry, an idea launched by the industry's mandatory association office and by some of its directors. In this concept, self-management bodies are to be subject to considerable limitations, and contests for posts of directors are to be abandoned. "Thus curtailed, the self-management body's competences would be even less than those of the [pre-1980] Workers Self-Management Conference (KSR)," Goj said. He then quoted questions shipyard workers put to self-management activists, "Why should the idea of combines be resuscitated if experience gained in the latter 1970's shows that excessive concentration in big economic organizations may have adverse consequences? Aren't we in for a repeat of the story of the 1950's, when the idea of self-management was being gradually discarded with the progressing political stabilization? How does this tendency tally with the 'Lines of Economic Reform' endorsed at the 9th PZPR Congress and with analyses included in the report of a PZPR CC commission appointed to explain the causes and course of social conflicts in socialist Poland?"

"These examples are more controversial in the discussion than in actual life," remarked Deputy Premier Zbigniew Szalajda in reply to the question of structural changes. He reminded both those who want to leave the combines and those who explained why they did not want to join combines that enterprises they represented are subsidized.

"Do you want your independence but without subsidies?" Szalajda asked the chairman from the Zdzieszowice works, remarking that if the cokery wants to divorce the combine the ministry can once more reconsider the matter of membership. He pointed out that supervisory councils are to watch the allocation of subsidies by the shipyards, and this is what happens all over the world. He underlined the Szczecin shipyard has had the best results of all.

Replying to remarks by Edward Gorbaczewski of the Stalowa Wola metallurgical works, who had said that production tasks are imposed upon the enterprise from "the top," Szalajda also pointed out that the Stalowa Wola works certainly cannot complain about a shortage of subsidies. Moreover, he said, nowhere in Poland would you find metallurgical works operating in isolation from one another. The fact that investment, finance and sales policies are common for all metallurgical enterprises does not mean that enterprise autonomy is curtailed.

"This involves certain rational elements, and it is necessary to acknowledge them," said Szalajda. He also mentioned that a new concept--if I got him right--of concentration in metallurgy would be submitted not only by the relevant ministry but also by the government minister for economic reform.

So, it remains to be seen whether the price for the subsidies, which are an economic instrument, will be the abdication of one of the "Three S's" [of the reform's principles of self-rule, self-management, self-financing]? Will anything of the reform remain at all?

The two above-mentioned areas of uncertainty--or, if you like, of danger--namely uncertainty about production supplies, and the modification of organizational parameters and structures, should be supplemented with a kind of uncertainty that may be called "legislative."

In his introductory address, deputy Barecki pointed out that the Sejm has been constantly watching the activity of self-management bodies and announced that a possible amendment of the law on worker self-management would be considered. However, the discussion showed that a legislative amendment is not what self-management activists really want. Although in his closing speech Barecki tried to dispel fears saying there is a long way to go from a call for considering the need for an amendment through to an actual legislative act in this respect, a certain sense of uncertainty remained nonetheless.

People fear that once a patient is put on the table, the operation may succeed but the patient may die. "I fear any amendment, I fear any change in existing regulations because I remember what happened to the KSRs. Naturally, there will be conflicts over competences, but then what is so very wrong about them? It may happen that once we have neatly redesigned the scope of each other's competences nobody will be willing to do anything any more," said the aforementioned Pelczynski from Lodz.

"People are very sensitive to any suggestion concerning possible amendments to the relevant law," said Milkowski. "Is there any point in acting at all, if this road leads to nowhere? people ask themselves, and it is this kind of questions that discourage them to join any action."

Said Andrzej Wypych of the Cracow paper mill, "The law should not be amended. Before the question of profit and income was raised no problem existed at all. Should anything be changed in this matter--and I am sure any change would be a change to the worse--an entire avalanche of changes may be set off, which may ultimately lead to repeat of the 1958 story."

"If the law is not changed, the idea of self-management will prove itself in practice," Zbigniew Adamczyk of the Alka footwear factory in Slupsk summed up.

In a speech submitted for inclusion in the minutes, Jan Boratynski, who heads the self-management body at the Warsaw FSO car factory said, "Most of the reform's fundamental elements have been operating for no more than 1 1/2 years, and, even so, they did not work in a full-fledged manner if only because of the many limitations introduced [in a package of July 1983 laws] for the period of getting out of the crisis. (...) The frequent modifications of pertinent regulations along with temporary restrictions of the law on self-management create an atmosphere of uncertainty and disbelief in the sense and purpose of any action. Let me state on behalf of the FSO self-management body, which has often discussed these matters, that the law is a very good one and that it creates no problems of interpretation even today to anyone except those who are determined to get it changed at any price because they want a restoration of the good old times of the centralistic command system. In our view, every change of this law, however honest the intentions underlying it might be, is bound to inhibit the development of self-management bodies and, worse yet, to liquidate many of them."

J. Piotrowski of the Bielsko FSM car factory said, "If an end is finally put to the temporary character of the two relevant laws--that on self-management and that on state enterprises--it will be a success. This would force enterprise directors and parent bodies to take a different attitude toward self-management bodies than up to now. At present, this attitude differs from a more or less favorable and open-minded one through to aggressiveness, indifference or none at all."

#### Don't Put the Patient on the Table

Of the 13 supplementary questions (an ill omen perhaps?) supplies to the activists together with invitations to attend the meeting, the first one was, how well was the self-management body getting on with its founding body, what difficulties should be named, and what possible improvements be made?

"Contacts are very limited," said Stanislaw Targoszynski, deputy chairman of the Poznan district meat processing plant. "So far, they have amounted to determining the director's salary. Whether it was for this or for another reason, the fact remains that it was only toward the end of 1984 that the self-management body could endorse the final version of the plan for the same year, i.e., for 1984. The last correction of rules for financial performance estimation for last year reached us only in mid-December.

As for the question, how well self-management bodies have been getting on with parent bodies, Pelczynski remarked that this question can be answered only after 1986, i.e., when the law on special legal regulations for the period of getting out of the crisis has expired, "unless of course the Sejm is going to pass a law on special legal regulations for the period of arriving at affluence."

Replying to the same question, Ciolkowski said, "I am--or more precisely, I was--chairman of the worker council at the Janow branch of the Lodz Horticultural Combine. I no longer am chairman of this body because the parent body, which is the Lodz City Office, put our enterprise into receivership."

Speaking on behalf of all sociopolitical organizations working at the enterprise, Ciolkowski interpreted this move as a blow at the reform. Briefly, the Janaw branch (which was making profit) had wanted to decouple itself from a combine which as a whole was also making profits and which was composed of seven plants two of which were working at a loss not for their own fault but because of mazut prices. The troubles connected with this were presented in vivid and colorful detail by Ciolkowski, and when the person presiding over the meeting tried to interrupt him after the granted speech time expired, there were calls from the floor to let him continue.

The best part of the story was that the enterprise's economic director, who now is the receiver, told the council the best thing that could happen to the enterprise would be to work at a high loss because in such a case the Agriculture Ministry would rush up with a subsidy.

And so the circle closes once more--the question of combines and subsidies arises again. Although this is a matter for consideration today, it is, as the above-mentioned speeches show, one which affects the future. And the future is one big question mark.

Another supplementary question was, does the worker council have a definite view of the enterprise's strategy? Can it now say what the enterprise is going to produce in five or ten years from now?

"At this point I can only say what we are not going to produce in five or ten years from now," said Piotrowski. "We will answer this question when we have learned what is going to happen to the reform in five to ten years from now," said Tadeusz Bieniek, deputy chairman of the self-management body at the Andrychaw Andoria diesel-engine factory.

Said the afore-quoted Goj, "If self-management bodies are to make any long-term decisions, they need of course a certain expertise along with a certainty that the rules of the game are stable enough. But they must also be convinced that self-management is a permanent link in the chain of actions designed to democratize the management of the economy."

However, the atmosphere of the meeting was dominated by uncertainty rather than by this kind of conviction.

"No leadership group, neither in the party nor in the economic administration, even ponders the idea that the time has perhaps come to stop implementing the reform," said PZPR CC Secretary Tadeusz Porebski in reply to those recurrent expressions of uncertainty. "We are wedded to the reform, even though many people still believe it is all just a matter of being patient, because the old ways are going to be restored. However modified it may be, the economic reform should be regarded as a permanent factor."

The PZPR CC Secretary also fails to see any reason for fears that autonomy may be limited. In this context he referred to fears about a possible change of the law on self-management. He said the trade unions indeed demand a restoration of some competences unions held previously. And this is the only thing to mention in this connection, according to Porebski. "I know of no other reasons," he protested. "What I am worried about is the total lack of a favorable atmosphere for long-term undertakings." Considering which specific factors may be responsible, Porebski concluded that one is the frequent change of regulations, another that wait-and-see attitude and uncertainty about the reform's future, as well as the belief still held in various quarters that the reform is no more than an ephemereal development which will die together with the expiration of the current five-year plan.

In my view, it was a good thing to speak quite openly during the conference about those "haunting" fears, that uncertainty, those controversial proposals. As Porebski pointed out, "Even in antiquity there was the saying that unless different opinions have been voiced, then there is nothing to pick the best from."

The question of just which is the best thing for self-management bodies will probably be asked as long as they exist. The answer today is, for goodness' sake don't interfere, don't put the patient on the table.

POLAND

# SEJM REPORT ON '85 BUDGET GLOSSES OVER DEPUTY COMPLAINTS

Warsaw ZYCIE GOSPODARCZE in Polish No 2, 13 Jan 85 p 10

[Article by T.J.: "In the Sejm: the 1985 Budget"]

[Text] The budget debate in the Sejm formally lasted 3 weeks, but in fact it went on for a shorter period, owing to the exceptionally long holiday in 1984. The deputies' discussion began with a budget proposal by Minister of Finance Stanislaw Nieckarz and closed with information provided by Manfred Gorywoda on the fulfillment of the three-year plan.

I pointed out the direction and tone of the first stage of the debate in my article "The Golden Coin Goes Round and Round" (see ZYCIE GOSPODARCZE No 52-53, 1984). Therefore I shall only mention that the voices which then at the beginning of December came from the Sejm tribunal allowed us to suppose that the draft budget proposed by the minister of finance in its form at that time would face criticism and would perhaps be changed, especially the part relating to subsidies.

The course of discussions in the committees provided confirmation for that supposition. The discussion was full of criticism and postulates in the broad sense of the word. The postulates pertained to more than increases in budget outlays for various areas. Voices of this type are unavoidable, because each deputy represents the rights of a given field, branch, sector, and region. The postulates mainly pertained to the methodological and meritorical ordering of the national budget. This current of the committee discussions was also expressed in the final general debate on the floor.

The methodological thread received the most attention in the presentation of Deputy Ryszard Wojna, who pointed out that to present the budget in absolute figures clouded the real picture, because it did not take into account the changes occurring in the realm of prices, exchange rates, and so on. This would seem to be a really important problem needing some sort of solution.

On the one hand, because we call the budget the state treasury, making it difficult not to use absolute (nominal) figures in constructing it, that is, expressed in current prices. Ultimately this is real money which flows in and out of the state coffers.

On the other hand it is impossible not to notice that this real money being discussed in the budget, for example, for the current year, is completely different from that talked about 2 or 3 years before. Today there is no money other than that which there will be at the end of this year. Budget drafts do not show the changes resulting from inflation. On the other hand, there are not many economists among the deputies, and not many people in a given area are able to make the appropriate calculations correctly.

This is not a great problem when inflation is moderate (amounting to a few percent) and remains stable over a long period, but in our situation it is a big problem, because we had three-digit inflation from 1982 to 1984. Taking this inflation rate into account -- it is absolutely essential to do this for the analysis of the structuring of budget revenues and expenditures to be correct -- gives a completely different picture of the budget economy from the one we get from comparisons made exclusively in nominal figures.

For example, if we were to take into account the real inflation from 1982-1984 and that planned for the current year, it would turn out that although the budget expenditures from 1982 to 1985 for learning showed a nominal increase of 16.4 percent, in fact they declined catastrophically. After all the 31.2 billion zlotys projected for 1985 is a lot less than the 26.8 billion spent in 1982. Those involved are well acquainted with the real decline, but you can not see it in the draft budget. Perhaps it would help to employ the remedy of supplementing traditional budget reports with an analysis of the structure and growth rate of the budget taking the rate of inflation into account.

In terms of the postulates on the substantive ordering of the budget economy, the main idea was to make the budget an active means of providing incentives for desired economic processes, but unfortunately it is not, according to many deputies. The growing budget deficit provides a summary and, perhaps more importantly, is a symbolic expression of this. It is in nominal figures, but it is also realistic. The line of thinking here is that since the deficit is increasing, this means that the budget is not successfully guiding economic processes. This relationship is obviously a simplification, because financial instruments are not all that contributes to this, but the fact remains that if we look at the matter in terms of subsidies -- this is what most of the deputies did -- this logic seems justifiable.

The call to slow the increase in subsidies appeared throughout all phases of the discussion, but it did not reach any culmination in the suggestions in report of Deputy Jan Kaminski. The Sejm approved the budget, which projects for product subsidies approximately 21 percent greater than in 1984 (taking into account the level of inflation planned for the current year this increase is real as well as nominal).

Nonetheless, the heart of the problem seems to lie not only -- and perhaps, not so much -- in the absolute size of the subsidies. One can note the essence of the issue in Deputy Edward Wisniewski's comment that today things are the easiest in subsidized units, because they get around the restrictions related to elements of hard financing. The thing is not so much the amount as the method of subsidy used by the budget.

From this point of view it is difficult to deny Deputy Zbigniew Zielinski's conjecture that the budget, including its subsidy policy, shows that we are recreating old economic structures. It is also difficult to refute Deputy Jan Waleczek's statement on the same subject, although he refers to the other side, revenues.

He says that an increase in budget revenues should be the result of economic development, that is, long-range phenomena resulting from the system's operation. We cannot be satisfied with an increase like the one we had recently, that is, one which comes primarily out of increased burdens placed on the firms.

I have already written previously on the matter of increasing the income tax rate, as a footnote to the floor discussion opening the budget debate. At that time I considered the sense of increasing obligations by 222 billion zlotys while simultaneously increasing income tax exemptions by more than 286 billion.

Unfortunately the reporting deputy supported both an increase in the tax rate and greater "outlays" for exemptions, and he provided no response to this doubt nagging some of the deputies. This is understandable, because the budget draft does not have any list, that is, it does not say which firms will receive exemptions and which will pay higher taxes. But even without this, we can come to initial conclusions by using just the analyses of the state firms' financial situation. It is enough to look at the higher taxes in terms of the structure of increases in the development fund.

Now, it is obvious that any rise in the tax rate will be felt most keenly by those firms whose fund for development is fed mainly out of profit for distribution, but even additional taxation will not be felt by those units in which the bulk of the funds for development comes out of depreciation write-offs. The first group will be made up of small firms, those whose assets are small and very undercapitalized, while the latter group will consist of large firms with relatively modern, expensive equipment, largely from the 1970's.

In this sense a change in the tax rate may be viewed in a structural context, and we can ask whether the thing is to bring about such a transformation. Especially since the highly recognized way of awarding tax exemptions -- this was criticized by the deputies -- means that it is far easier for the larger firms to receive such exemptions than for the smaller ones. And so this is the same thing.

It is too bad that such similar reflections were missing from the report of the Commission on the Plan, the Budget, and Finance. It is also worth noting that the debate did not reflect adequately the fact that work was done on a draft to crown the three-year plan. A comparison of real data with financial data could provide an interesting, valuable, though final, emphasis to the budget contribution of the present eighth session of the Sejm.

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